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THE WOOL TRADE OF THE UNITED STATES

by Joseph T. Shaw

HISTORY OF A GREAT INDUSTRY; ITS RISE AND PROGRESS IN BOSTON, NOW THE SECOND MARKET OF THE WORLD

PRESENTED BY MR. WARREN

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Hon. FRANCIS E. WARREN,
U. S. Senate, Washington, D. C.

DEAR SIR: We take pleasure in sending you by this mail the copy of our issue of December 14, 1901, desired.

Regarding the history of the wool trade of which you write, this was begun for us by Mr. J. T. Shaw, the present secretary of the American Woolen Company of this city, but we were later compelled to bring it to an abrupt conclusion with the number you mention, owing to the fact that Mr. Shaw considered himself too busy at the time he was appointed secretary of the American Woolen Company to complete his contract.

Faithfully, yours, CURTIS GUILD & Co.

THE WOOL TRADE OF THE UNITED STATES.

HISTORY OF A GREAT INDUSTRY—ITS RISE AND PROGRESS IN BOSTON, NOW THE SECOND MARKET OF THE WORLD.

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I.

PRENATAL. —— TO 1808.

Trading in wool as a business by itself has been followed in the United States less than a hundred years. Yet in 1897 the volume of business in wool at the country's chief wool center surpassed that of any other market in the New or in the Old World.

This marvelously rapid advance in a trade is significant in many ways. It first reflects the growth of the country and the development of its natural resources. It bears conclusive witness to the progressive character of the people and their adaptability to the intricacies of commerce and finance. It shows their daring in the manipulation of a vast volume of the world's commodities, their fearlessness in operations involving millions of dollars placed at a venture, their shrewdness, calculativeness, and their confidence in self-judgment and native resource.

But more than all else this evolution, within a century from an embryonic trade of bartering by comparatively valued commodities to a business encompassing hundreds of millions of pounds of wool and involving extensive capital, evidences the patient, remitless toil, the unconquerable energy, and the ingenuity of the several generations of men who built up the wool manufacturing industry of this country to its present well-nigh peerless perfection.

BIRTH OF THE TRADE.

In the early part of the present century wool manufacture in America was in its birth throes. At the dawn of the nineteenth century the production of woolen cloths was just emerging from a household industry to its more comprehensive scope as a public enterprise. During the period of colonial life the agriculturists, constituting the greater part of our people, spun their yarn from their own carded wool and wove their cloths for wear at their own hearthstones. Later, as the colonists became generally more affluent, the imported English goods were most widely worn, while homespun clothing was confined chiefly to the poorer people and those living near to the soil.

England watched with jealousy the expanding desire shown by the colonists to clothe themselves with their own homespun garments, and when it became evident that the Americans were about to embark independently upon the enterprise of wool manufacture, the mother country stood ready to use every means in her power to preserve the industry and trade to herself and to stamp out the nascent establishment in the New World. The first mill in the United States for the entire production of cloth from wool as it was taken from the sheep's back was built and put into operation toward the close of the eighteenth century, some half dozen years after the treaty at Paris.

EARLY FULLING MILLS.

For nearly a century and a half mills for fulling the cloth as it was brought woven from the homesteads had been in existence in every settlement of prominence throughout the eastern colonies, being generally run in conjunction with the village saw or grist mill and forming nearly as important an adjunct to the village industries.

Presently these fulling mills added the archaic hand cards to their equipment, and their usefulness expanded. Farmers would send their cleansed wool to the mills to be carded into rolls suitable for spinning, and when the yarn had been woven into cloth at the hearthstone another trip was made to the mill to bring back the cloth fulled and finished. But it was not until 1788 that a movement was set on foot to differentiate wool manufacture from a household industry. In this year a fund was raised in Connecticut by subscription to establish at Hartford a plant for the manufacture of woolen cloth.

THE HARTFORD WOOLEN COMPANY.

On the 2d of May, 1788, the Hartford Woolen Company announced that business operations should be at once begun as soon as sufficient wool had been secured by the agent. At the beginning of the following year, 1789, the company held its first sale of cloth, which was of a satisfactory quality when there were taken into consideration the mill's ramshackle equipment and the poor quality of the raw material. Yet goods of British make, of better quality, imported over a duty of 5 per cent, undersold the American goods in the town of their manufacture.

This first enterprise was a much-qualified success, since its operative facilities were of the most crude character, such as might have been found on a smaller scale in every household throughout New England. Competition under these conditions with foreign goods was impracticable. The Hartford Woolen Company lived, however, to attain the unique and creditable distinction of supplying the Union's first and greatest President with his inaugural suit of clothes, and shortly afterwards went out of business.

ARTHUR AND JOHN SCHOFIELD.

Six years after this first attempt newer methods of manufacture were introduced into the United States through the efforts of two English mechanics, who had come to win their fortune in America and had brought with them their knowledge of the English wool

manufacture of that day. These two brothers, Arthur and John Schofield, came to the United States in 1793, and as theirs was the first attempt made in America to manufacture woolens in a manner similar to that in the matured mills of Europe, their efforts deserve permanent record in the annals of the industries.

In October of 1794 the Schofields had constructed and put into operation America's first carding machine, and its successful workings attracted widespread interest and attention. The machine placed the industry on a higher and more matured plane, and once it was thus fairly under way it expanded rapidly, rearing its youthful head with somewhat amazing frequency throughout the New England and other Northern and Eastern States.

It gave to the eighteenth century as its chief product, and in addition to the staple broadcloth made from the imported fine wools, such coarse, rough cloth as could alone be made from the harsh, heavy fibered wool of the domesticated sheep of America. Spanish sheep, before the days of the merino, producing coarse wool suitable only for carpets, had been early introduced into Mexico. The sheep of Virginia and Massachusetts were of the English breed of that time, long legged, narrow chested, yielding very coarse wool, not at all similar to the highly bred Lincolns and Shropshires of to-day. The flock in New York State, comprising chiefly the lowland sheep of Holland, were not unlike the breed in Massachusetts.

The mills of the late eighteenth century drew upon supplies of foreign wool for a good share of their raw material. But the cost of the imported wool, disproportionate, though at that time duty free in its relation to the production of cloths from domestic wool, rendered dependence upon foreign stock undesirable and encumbered the progress of the industry with additional obstacles.

PROTECTION ADVANCES THE INDUSTRY.

With the ushering in of the nineteenth century the newly born industry appeared to acquire fresh life. The minimum of protection afforded by the first tariff of the United States, enacted in 1789, was turned to every possible advantage by the manufacturers. This first tariff was apparently not designed to extend protection to the wool manufacture, nor, indeed, was protection its first purpose. After the Revolution the country was burdened with an extensive war debt, and to alleviate this load an act was passed on July 4, 1789, which laid a duty upon almost all incoming merchandise. In its preamble reference was made to the necessity for "encouragement and protection of manufacturers," but in view of the undeveloped condition of the wool manufacture in the United States at that time, and its lack of recognition as a public industry in Alexander Hamilton's comprehensive report some two years later, it is safe to conclude that the duty on importations of woolen goods was designed for purposes of revenue only.

In 1800 our consuls and ministers resident abroad were inculcated with the idea of infusing into the flocks of America the high breed attained in sheep husbandry in foreign countries. Their first efforts were attended with the usual obstacles which greet the inception of all new ideas. In 1801 the first full-blooded merino buck imported into the United States was brought by M. Dupont de Nemours, who had

secured from the French Government 4 lambs from a flock of 4,000 merino sheep presented to France through the Spanish treaty of Basel. Of the 4 sheep with which M. Dupont had started for America only one survived the voyage, but his progeny, distributed through New York and later through Delaware, materially enriched the breed in those States.

EXPENSIVE MUTTON.

Previous attempts to bring Spanish sheep into America had been unsuccessful. The Hon. William Foster, of Boston, in 1793, smuggled into this country, on account of their exportation being prohibited, two ewes and a ram of Spanish breed and gave them to his friend, Andrew Craigie, of Cambridge. Mr. Craigie, ignorant of their value as wool producers, rejoiced in their excellence as mutton, but some years later when he was called upon to pay $1,000 for a ram of similar breed was forced to regret his hasty appetite.

Dr. James Mease, of Philadelphia, endeavored to secure merino sheep from abroad as early as 1796–97, but his consignments were lost en route, and it was some years later before his attempts in that respect met with success.

In this same year of 1801 Arthur Schofield, one of the two mechanics who had first brought English methods into American factories, completed the first improved carding machine in New England. One of the many obstacles which England imposed in the way of the growing wool manufacturing industry of America was prohibiting from being sent to this country any plans, patterns, machinery, or its parts, such as were in common use in the highly perfected English mills. Thus Schofield was obliged to make several voyages to the land of his birth to familiarize himself with English machines so that he might from memory construct similar works in the country of his adoption. His successful endeavors in the year noted constituted the greatest single step yet made in America's nascent industry, and to his efforts and those of his brother John more than to any one thing else is due the early establishment of wool manufacturing in this country.

The fulling mills, though indispensable to the colonists, were not of the same importance in the development of wool manufacture as was the Schofields' carding mill, which was the true precursor of the woolen mill of to-day. The former, when the manufacture of woolen cloths was distinctly a household enterprise, afforded a separate trade in itself, and even into the youth of the nineteenth century the "clothier" of the colonists yet practiced his calling.

THE MERINO STRAIN.

In the following year, that of 1802, greater and more important progress was made in the infusion of the merino strain into the American flocks. Through the instigation of Hon. David Humphreys, ambassador from the United States to the court of Madrid, 100 merino sheep were purchased in Spain and driven across Portugal to Lisbon by three Spanish shepherds, under an escort guard of Portuguese soldiers. This little flock was brought to New York by the ship *Perseverance*, in which the brothers Schofield had nine years

earlier taken passage to America, and from thence taken by sloop to Derby, Conn.

The Hon. Robert R. Livingston, minister resident at Paris, in the same year secured for exportation to America a half dozen sheep from the imperial flock of France, which had been established at Chalons in 1786. Mr. Livingston had his flock of merinos brought to his farm at Clermont, in Columbia County, N. Y., and his first attempt to establish merino stock in America shortly achieved wonderful success.

The introduction of these two lots of pure merino breed constituted a most important step in sheep husbandry in America, and was the first of many efforts in a similar direction, which in a few years brought the flocks of the country to a much higher grade of usefulness as wool producers. As soon as the superior merino wool was found to be raised in quantity, fine woolen mills, with improved and necessary equipment, were established; inducements were thereby given to growers to multiply the number of their fine wool growing sheep, and many were encouraged to engage both in the growing and the manufacture of the finest wool.

COL. DAVID HUMPHREYS.

In the year 1803 Col. David Humphreys, who had done such serviceable work in American sheep husbandry, engaged in operating a fulling mill in Derby, Conn. This enterprise some years later took him into the business of wool manufacturing in accordance with the methods perfected first by the Schofields, which had quickly been diffused throughout the United States. Associated with Colonel Humphreys in this work was a skilled maker of woolen cloths, trained in the factories of England, and the energy and financial resources of the one united with the knowledge of his trade and the skill in labor of the other presently rendered their mill the best equipped and one of the most successful of the American wool manufactories of that day.

This mill produced chiefly the finest of domestic broadcloths, said to be "inferior to none which is imported," which brought $4.50 per yard. An account of the factory, written some few years later, however, states that the equipment consisted of "4 breaker and finisher cards, 2 jennies, a billy with 40 spindles, a picker, 4 fulling mills, 2 newly invented shearing machines, 4 broad looms, 8 narrow looms, and 18 stocking frames.

II.

The Schofields also were not idle at this time, and although engaged principally in the construction of carding machines, yet found opportunity to establish woolen factories here and there in New England. One of their mills at Pittsfield, Mass., was the first producer in the country of broadcloth from merino wool. The fabric in question was gray mixed, and when it was offered for sale in the town of its production the local dealers looked at it askance.

Some short time later one of the principal merchants of Pittsfield brought back from New York several pieces of this same cloth, which he had purchased there for "foreign" goods. Together with his Pittsfield woolen mill, Arthur Schofield conducted the manufacture

of single and double carding machines of improved pattern, which he sold complete for $400, although several years earlier his carding machines had brought as high as $1,300 each.

LIVINGSTON'S FLOCK OF MERINOS.

During this same period finest merino bucks from Spain commanded $300 a head, and the profitable opportunities afforded by the expansion of the merino flocks in America encouraged considerable enterprise in that direction. In 1807 Robert R. Livingston issued to a local agricultural society a very interesting report on the condition of his imported merinos, showing the profits which had accrued from their yield. His 5 full-blood merinos of Rambouillet stock had that year yielded 28¾ pounds of wool, which was sold for 10 shillings per pound. From interbreeding Mr. Livingston had secured 24 three-quarter bred sheep, which gave 106 pounds of wool that brought 5 shillings a pound (though valued at 8), and 30 half-bred sheep, which yielded 139½ pounds of wool, for which 5 shillings per pound was obtained. This sale was one of the first of that sort of wool which had taken place in the United States. Full-blood ram lambs brought $100 each, while seven-eighths bred ewes were worth $40.

From the few attempts which had been made to introduce merino sheep into this country such successful results had been obtained that farmers here and there throughout the North and East were paying more attention to sheep husbandry. The demand for the finest wool was still further augmented by the establishment of several new manufactories, adapted for working it into the best cloth of the period; but, although this demand was considerably in excess of the domestic supply, woolen manufacture in general had received all told but a small share of the country's attention.

THE COUNTRY'S COMMERCIAL INTERESTS.

The United States was then dominated by two industrial and commercial classes. These were the agriculturists, developing the natural resources of the country and extending the possibilities of native production, and the merchants who dealt in these products in their own country, but concerned themselves most particularly in trading with other nations. Excellent prices were obtained for all natural products, and the extensive markets open to American enterprise in colonial days were further increased in the latter part of the eighteenth century by the political disturbances of southwestern Europe. Moreover, the carrying trade the world over was an exceedingly profitable venture, offering especial inducements to Americans who shipped from their own ports the natural produce of the land and brought back the finished goods from foreign markets.

The cost of importation was relatively so meager that the thought of building up a manufacturing industry sufficient in itself to supply all domestic wants hardly suggested itself to the country. It is true that the stern object lesson offered by the lack of sufficient clothing during periods of the Revolution was felt the country over, yet when the war was at an end and importations were again being received the people became indifferent to the possibilities of a repetition of the same scarcity and want, which the future might, and, indeed, did, hold for them.

RIVAL INDUSTRIAL PURSUITS.

Moreover, the two distinct commercial interests of the United States were in themselves so very profitable, rendered so by the peculiar conditions of the world's trading, that the greater body of Americans had become accustomed to their promotion alone. Any nascent interests that promised to rival or antagonize these pursuits were especial objects of aversion, and in the popular fear that the new manufacturing industries might divert labor and capital from the nation's accepted callings adverse legislation even was not wanting to protect the latter from encroachment.

In 1802 the peace of Amiens set Europe at rest for a time, and the return of the soldiers to their trades and industries affected notably the growing volume of America's foreign commerce. During the two years of European tranquillity which followed, our carrying trade lessened markedly, and with a check to this enterprise internal industries secured a moment's respite in which they established more firmly their hard-won position. In 1804, however, our carrying trade increased magnificently, and up to and including 1807 dominated all other interest in this country. In this latter year the exports of the United States reached the highest value yet attained, nor was it surpassed until 1838. It amounted in value to $108,343,150, an increase in sixteen years of $89,331,109. The imports into the United States during the same year were valued at $138,500,000, also a high-water mark.

MANUFACTURES DEVELOP WITH RESTRICTION TO FOREIGN COMMERCE, 1808–1814.

In 1808 began the retaliatory acts of the United States directed against Great Britain, which culminated four years later in actual warfare. The first of these was the famous embargo act which, prohibiting American vessels from engaging in any foreign trade and foreign vessels from taking cargoes from the United States, practically destroyed, for the time being, all American commerce with other lands. In the following year the too stringent act of 1808 was modified to the form of nonintercourse only with England and France, but the commerce of the United States with other nations, which had received its first serious blow, languished and lessened in volume for seven consecutive years.

During this suspension of foreign trade the manufacturing industries of the country made their first great progress. With the partial cessation of importations there came the greater necessity for supplying home wants from domestic sources. Furthermore, American merchants, exporting and importing traders, had made a great deal of money during the prosperous season of extensive commerce, whose curtailment left much unemployed capital all over the country.

The unsparing efforts of the Schofields, of Humphreys, and others no less persevering or energetic had shown to the people of the United States the possibilities afforded by an extensive manufacturing industry. Consequently the current of national attention ran largely in that direction, slowly at first, as the difficulties of the enterprise appeared greater than the results would warrant, but gathering volume and force as the dependence of the country upon

home supplies increased each year with the continued exclusion of foreign goods.

The result thus noted was not, however, of immediate ensuance upon the restrictive acts. Indeed, internal industry and commerce was at first much depressed and demoralized by the stoppage of foreign commerce, which had the effect of checking the free circulation of currency. But later, when absolute prohibition of foreign trade had been changed to nonimportation, specie flowed rapidly into the United States and money became more plentiful.

NEED OF FINE WOOL.

The chief hindrance to rapid progress in wool manufacture was the small available supplies of desirable raw material, and to the end of establishing an adequate fine-wool producing flock in the United States several prominent agriculturists bent their efforts. Assured of a ready market for all the fine wool that could be grown, promoters of merino breeding pursued their attempts on a much more extensive scale than heretofore. Mr. Livingston had, between 1807 and 1811, increased his stock to the number of 645 sheep from full to half blood, and 310 of the best American ewes and half or three-fourths wethers. There had also been brought to Cheshire, Mass., sheep of the English breed known as New Leicester or Bakewell and from this flock half-blood ram lambs sold for $30 per head.

The full-blood merino sheep of Spanish breed, which had come from the flocks of Mr. Livingston in New York and of Colonel Humphreys in Connecticut, rose rapidly in price as their value in wool manufacture became generally recognized. Their scarcity in that period commanded for them seemingly extravagant prices, since from $500 to $1,500 was paid for single rams. In 1809 Hon. William Jarvis, American consul at Lisbon, whose home was at Weathersfield, Vt., sent to this country 1,400 merino sheep, purchased from the crown flocks of Escuriel, which were sold at that time by order of the French Government. A short time afterwards Mr. Jarvis sent over 2,500 more full-blood merinos, which increase to the American flock some years afterwards reduced the prices which the breed earlier commanded, but which also greatly assisted fine wool manufacture in this country.

PROMOTION OF THE MERINO BREED.

In 1810 public auctions were held at Philadelphia for the sale of fine merinos. Full-blood sheep brought from $230 to $250 each. One lot comprising 25 sold for $5,900, while a lot of 63 ewes brought $250 a head. For full-blood bucks as high as $350 was obtained. In New York State, where promoters of fine sheep husbandry were more energetic in their endeavors and the merinos were even more scarce, fine bucks were sold at $500 to $1,500 a head.

In 1811 systematic movements were made in France and in England to propagate the valuable merino breed and for this purpose societies were formed, after which Americans patterned. One such organization, known as the Merino Society of the Middle States, held its first meeting at the farm of its president, near Haddonfield, N. J. Several hundred full-blood merinos were exhibited, and the interest awakened was shown in the publication shortly afterwards by the

society of a list of premiums of from $20 to $50 for essays on sheep husbandry and for best examples of the merino stock.

The earliest census report of the number of sheep in the United States was that for the year 1810, when the total number was estimated to be 10,000,000. Of this number, however, only a very small proportion produced wool that could be used with any degree of satisfaction in the woolen or worsted mills of that day. The estimated yield of wool in the same year was reported at 13,000,000 pounds, which, when compared with the number of sheep, showing an average yield of 1.3 pounds per sheep, reflects the difficulties under which the statistician of 1810 labored.

REVIVAL IN MANUFACTURING.

A revival in domestic industries had followed the temporary check upon internal commerce exerted by the disturbance in the country's foreign relations. By 1809 a quite plentiful supply of the necessary quality of wool was available for manufacturers of fine cloths and the very satisfactory profit on finished goods, which the scarcity of woolen goods in America afforded, induced several new ventures in their manufacture. During this year several factories, in a small way, were started in Massachusetts, which State already contained some of the most important mills in the Union. James Beaumont was then making satinets in his mill, on the Neponset River, which he had built the year previous. This fabric, which was woven with a warp of sea-island cotton, was very popular and commanded, according to Beaumont's own account, $3.50 per yard.

Following the example of the Hartford Woolen Company, which had supplied Washington with his inaugural clothes, the factory of Colonel Humphreys this year sent President-elect Madison a coat made from the finest merino wool, while the recipient wore also on his inauguration a waistcoat and small clothes from fleeces of the Livingston flock, of Clermont.

In 1810, Secretary of the Treasury Gallatin, in response to a resolution by the House, taken in 1809, submitted a partially complete report on the manufactures of the country. Information had been obtained, among other subjects, on 15 woolen mills, although there were undoubtedly a number more in existence at that time. These mills were established one each at New Ipswich, N. H.; Byfield, Mass.; Warwick and Portsmouth, R. I.; Humphreysville (Derby), Conn.; Poughkeepsie, N. Y.; two on the Brandywine, Del.; one each at Baltimore, Elkton, and Frederick, Md.; three and some smaller ones at Philadelphia and one at Germantown, Pa. The capital of these 15 mills was from $3,000 to $20,000 each. They employed from 8 to 29 hands and produced annually from 5,000 to 27,000 yards of cloth.

The factories at Humphreysville, Poughkeepsie, and one of the mills on the Brandywine made chiefly broadcloth from the merino wool. The origin of these 3 manufactories can be traced to the importation of Spanish full-blood merinos made, respectively, by Colonel Humphreys, Robert R. Livingston, and M. Dupont. The average price secured for their products by the 15 mills noted in Secretary Gallatin's report was from $1 to $10 per yard.

III.

The quality of manufacture, in the mills included in Gallatin's report, was said to be superior to the imported goods, although the American manufacturers were not yet able to impart the nicety and elegance of finish to their cloths that were presented by the foreign fabrics. Secretary Gallatin stated, further, that the principal obstacle to the expansion of the industry was the lack of wool in suitable quality. The flock was, however, gradually improving through the infusion of the merino breed. In spite of the increasing number of woolen factories, the production of cloths had by no means been taken entirely from the household. Gallatin's report showed that during the years of restricted commerce an extraordinary extension of home spinning and weaving had been made. Indeed, it was estimated that two-thirds of the cloth, including hosiery, house and table linen used by inhabitants outside of the larger cities was the product of family manufacture. In Delaware 150,000 pounds of wool was annually spun and woven in private families. In New Hampshire nearly every township of a few hundred families had a carding and fulling mill. The former cost about $500 and carded wool for 7 cents a pound, with 3 cents additional where the oil was found by the carder. In this State there were in all about 140 fulling mills, whose average cost was $1,500. They received for dressing, annually, about 6,700 yards each, $1,225, of which sum $600 was for labor and materials. The cost of manufacturing 18 pounds of wool into 20 yards of cloth was about $21.24. This cloth was finer and more durable than English cloth which sold in the stores for $3.50 per yard. Vermont had 163 fulling mills.

The origin of the first carding machine employed in America is disputed, contradictory evidence having been presented to prove its construction both in England and the United States. The machine came into the possession of Rufus S. Frost, of Boston, and was exhibited by him at the Mechanics' Fair in Boston, in 1890, with card attached stating that "it was built in England in 1792, and was shipped to this country in two parts by John Lees and Abram Marland, afterwards of Andover, Mass., and John and Arthur Scholfield. It was put together in Charlestown, Mass., and run there about three years by John Lees; also in Byfield Parish about four years by said Lees in connection with William Bartlett, a wealthy shipowner, of Newburyport; afterwards run in Nashua, Jaffrey, and Marlboro, N. H., by a Mr. Fisk, and for the last fifty-three years by Mr. James Townsend in Marlboro, N. H., who is about 93 years of age."

Later, the Davis & Furber Machine Company, of North Andover, Mass., purchased the machine from the estate of Rufus S. Frost, in whose possession it now remains. Mr. S. N. D. North, secretary of the National Association of Wool Manufacturers, became interested in the history of the carding machine, and his inquiries elicited the following convincing letter from the Hon. Royal C. Taft, of Providence, R. I.:

PROVIDENCE, R. I., *March 19, 1896.*

S. N. D. NORTH, *Secretary.*

DEAR SIR: Some years since I sent to Hon. Rufus S. Frost a copy of my book, Some Notes on the Woolen Manufacture in the United States, from which resulted some correspondence relative to the first carding machine built in this country. Mr. Frost supposed that his carding machine was the one

referred to in my narrative and that it was imported from England. His authority, as he admitted, was only a statement which he supposed to be correct. The evidence upon which I based my statement was given me by James Scholfield in 1872, when he was 88 years old, and verified in 1882, when I rewrote the book. James Scholfield was 9 years old when the Scholfields moved to Newburyport, and 11 years old when the Byfield factory was started. Mr. Scholfield was perfectly clear in his recollection and positive that the machine was built under his father's direction at Newburyport. Mr. Frost was positive that it was the first machine, but in face of the direct evidence I had from Mr. Scholfield doubted if he was correct in claiming the machine to have been made in England. This correspondence was only a short time before the decease of Mr. Frost. What led me and the Scholfields to our conclusion was a written statement by a grandson of John Scholfield, who was desirous of having his grandfather receive the credit which was his due and prepared and left behind him the substance of what I certified through James Scholfield. It was a common subject of talk among the Scholfield family, several of whom have written me thanking me for the investigation which I made and the giving credit to their grandfather for what they had all known from him and his children.

ROYAL C. TAFT.

[The above material has been placed in our hands through the courtesy of the Davis & Furber Machine Company, of North Andover.]

The census of 1810, showing the population of the United States to be 7,293,903, for the first time enumerated the manufactures of the country. The report stated that there were 9,528,266 yards of woolen goods made in families. There were 1,776 carding and 1,682 fulling mills, 372,743 spinning wheels, 122,647 spindles, and 225,392 looms.

In 1811, Dupont, who had probably conducted one of the two mills on the Brandywine mentioned in Treasurer Gallatin's report, prepared in partnership with Bauduy an extensive plant on the same stream for the manufacture of superfine broadcloths.

During the four years of the restriction to commerce immediately preceding the war of 1812, the total annual exports and imports had shown a falling off in value of $132,143,150. The importing trade had, however, suffered more than the exports, the decrease in the value of the annual importations being $85,100,000. Exports had decreased nearly one-half, but in the year of 1811 exceeded in value that of the imports.

FOREIGN COMMERCE RESTRICTED.

For four consecutive years Americans had witnessed the rapid destruction of one of their chief sources of income and one which was popularly believed to be the most advantageous for the country to foster and extend. The acts of Congress, meditated by Presidents Jefferson and Madison, which directly effected the suspension of foreign commerce, brought about a strict division in political sentiment. New England jealously considered her interests to be sacrificed for the benefit of the rest of the Union and by several covert acts of remonstrance incurred the suspicion of the Middle and Southern States, which feeling developed some few years later into direct opposition to legislation designed to encourage and to protect northern manufacturers. During these four years of practical withdrawal from foreign trade the manufacturing industries of the country had made very satisfactory progress, but it remained for the absolute dependence of the country upon home production during the ensuing

years of warfare to form the incentive for the most rapid and extensive development of these industries yet witnessed. At times in the seven years of Revolutionary conflict the country had felt the stress of being unable to supply its own necessities in clothing and now the scarcity was to be repeated.

THE IMPETUS OF THE WAR.

Absolute prohibition of importing woolen goods began with the ninety days of embargo which preceded the war, and when the people of the country found themselves actually engaged in pursuing hostilities with the chief manufacturing nation of the world they set themselves in earnest to provide for their own wants. The wearing of homespun was not confined to the poorer classes and farmers, but prominent men in both cities and towns set the example of appearing in these plainly woven and finished clothes when it became evident that the production of broadcloths was inadequate for the demand. Manufacturers of the latter goods soon caught the impetus, while new enterprises cropped out here and there throughout the Union. Never was the necessity for sufficient supplies of fine wool more apparent. Agriculturists in the Middle States as well as in New England worked in unison to establish flocks that would yield an adequate supply. Capital drawn from the opulent trade with the Old World and the Indies was lavishly expended upon factories and their equipment as well as in the improvement of the country's flocks.

The somewhat inaccurate census of 1810 stated that the annual yield of wool was 13,000,000 pounds. Two years later Tench Coxe, the Philadelphia statistician who had compiled the returns of the earlier census, estimated the quantity of wool sheared in the United States in one year to be 22,000,000 pounds. The proportion of fine wool had in the past few years increased marvelously and the work of improvement in breeding continued during the following years of war.

STATISTICS OF THE PERIOD.

The census of 1810 also showed the existence of 24 woolen factories and 1,682 fulling mills. The majority of these were located in New England and practically the balance in New York, New Jersey, Pennsylvania, and Delaware. Each New England State, with the exception of Vermont, at that time had mills employed in the manufacture of army and navy cloths, cloths for the negroes of the South, and blankets. The production of broadcloth was confined to half a dozen mills in Connecticut, Massachusetts, and Rhode Island, and to Mr. Dupont's enterprise on the Brandywine. In the number and size of new enterprises Connecticut shortly became very prominent, possibly on account of its proximity to the wealthy city of New York, having in 1810 a population of 96,372, which freely gave capital to the industry and furnished the readiest market for its products. One of the most prominent woolen plants of that period was the Middletown Woolen Manufacturing Company, whose chief promoter was Isaac Sanford. This mill used only the finest Spanish merino wool and produced daily from 30 to 40 yards of broadcloth which sold by the piece at from $1 to $10 a yard. This factory was also the first to employ steam for its operative power, having one of Oliver Evans's 24-horsepower engines, which drove all the machinery for carding,

spinning, reeling, weaving, washing, fulling, dyeing, and finishing. In 1812 the product of the factory was doubled. Efficient workmen were available from among their own apprentices as well as from the surrounding towns and farms.

By the date of the census, 1810, gig mills driven by water or steam power, for teasling and napping cloths were erected to some extent in New England and New York. In Philadelphia, however, hand cards were still exclusively used. A great many patents had been granted in the country for shearing cloth by steam or water power, some of which at this time were in use.

IV.

The manufacture of blankets was greatly expedited by a machine invented and patented in 1810 by Elkanah Cobb, a native of Vermont, belonging to the United States Army. By the use of this machine a dozen blankets were made by a single workman in one day. In the same year the Providence Woolen Manufacturing Company began the use of a 30-horse power engine built also by Evans; a new factory for the manufacture of broadcloths was started in Connecticut by Governor Walcott at Walcottville, and another was started at Goshen in the same county; E. H. Derby, of Salem, Mass., erected and equipped a mill for the manufacture of broadcloth, obtaining his raw material from a flock of 1,100 merino sheep imported from Lisbon for that purpose. A woolen company was organized at Billingham, Mass., with a capital of $400,000. At Pittsfield, Mass., Lewis Pomeroy built the first woolen factory of any size in Berkshire County, which was not large itself except by comparison, consuming only about 1,200 pounds of wool in a year for the manufacture of broadcloth.

In Delaware the new woolen mill of E. I. Dupont was said to be producing woolens to the annual value of $150,000 to $200,000. New York and Pennsylvania were also making rapid progress in wool manufacture, though not to the extent noted in New England, which was the home of the industry in its household stage, and has never yielded that distinction to supremacy in its later operation.

EXPANSION OF THE INDUSTRY.

Despite the rapid expansion of wool manufacturing within the United States, which, although stimulated by the exigencies of the country while engaged in warfare, progressed, nevertheless, under difficulties emanating from the same source; there shortly came a time when the country was of itself unable to supply its soldiers and sailors with necessary clothing. Inglorious recourse was then indirectly made to the manufactories of England. This was in 1813, and in the instance to which reference is made, over half a million dollars was expended for army cloths and blankets of foreign production.

During the war broadcloths brought as high as $18 a yard. Fine merino wool, which cost the manufacturer, in 1812 and 1813, about $1.50 per pound, advanced to $3 and $4, and indigo blue to $4 a pound. Charges were frequent of extortionate prices demanded by manufacturers in this period, but in consideration of the enhanced value of raw material and the increased cost of labor and equipment, it does

not appear that the price of the finished goods was disproportionate to the cost of their manufacture.

The progress of establishing manufactories continued through the year of 1814, when the general court of Massachusetts alone granted incorporation to 30 companies for the production of cottons, woolens, and other articles. Among these was the Bellingham Cotton and Woolen Factory on the Charles River, with a capital of $150,000. A woolen mill was also built this year by William D. Blush at Middlefield, Hampshire County, which was destroyed in 1850 by fire. A cotton and woolen factory was established in Plympton, in Plymouth County, which in 1814 manufactured 15,000 pounds of wool. This same year a large woolen factory 120 by 40 feet and five stories high, was built at Lexington, Ky., by James Prentiss & Co., but was not put into operation until some years later.

ADVANTAGES DERIVED FROM THE WAR.

It appears that the industrial progress of the country, in the establishment and operation of manufactories of clothing, was exceedingly rapid during the naval war. But nevertheless the commercial conditions were not correspondingly improved. In New England, especially, there was a continuous clamor and outcry against the inception of hostilities and the conduct of the ensuing war.

The general commercial distress in New England, the possession by the enemy of a large part of Maine, the fear of their advance along the coast, and the apparent neglect of the Federal Government to provide any adequate means of resistance, led the legislature of Massachusetts, late in 1814, to invite the other New England States to send delegates to Hartford, Conn., to confer upon the subject of their grievances.

But notwithstanding the popular sentiment in the East against the war of 1812, it materially aided the establishment of the wool-manufacturing industry in the country in a nearly sufficient extent to meet the requirements put upon it. Indeed, the conditions of trade and commerce incidental upon the existence of warfare with the principal manufacturing country of the world, gave the industry in the United States a greater impetus and stimulated it to a more extensive scope than could have been accomplished in any other conceivable way.

DESTRUCTION AND PROTECTION. 1815–1816.

Peace in February, 1815, placed a different aspect upon the manufacturing industries which in a few years had grown to be one of the nation's chief sources of income. From the first embargo act in 1808 these industries had practically held the markets of the country subservient to their own production. Stimulated by a demand which their utmost endeavors could hardly satisfy, they had made wonderful and unprecedented development and extension. Millions of dollars, diverted from importing, exporting, and carrying trades, had been invested in the nascent manufacturing enterprises, and even though many ventures had been made by men unskillful and ignorant of the intricacies of manufacture, few there were who had not realized on their investments or doubled or trebled their first capital.

During this time England, the greatest manufacturing nation of the world, had accumulated enormous quantities of finished goods whose outlet was narrowed as much by the turbulent condition of

affairs in Europe as by their prohibition from entry into American markets. During a part of this period the manufacturing interests of England had undoubtedly languished, but in the closing years of the naval war they had revived, and even before peace had been formally consummated immense quantities of goods from British factories were seeking entrance into the United States.

INFLUX OF FOREIGN GOODS.

American manufacturers and investors recognized to some extent the impending destruction of their enterprises, and from certain parts of the country petitions for protection against the threatening danger reached Congress. Many of the newly incepted industries were yet imperfectly established, although carrying the capital which had been given to their promotion, while others were yet encumbered with the expenses incidental to their earliest operation.

However, the country as a whole was slow to take alarm, and not a few viewed with satisfaction possible revenue from importations to offset the country's debt. Legislation for protection was withheld, and at once with the establishment of peace the influx of foreign goods began. During the first nine months of 1815 the importations were valued at more than $83,000,000. Within the following fiscal year they amounted to $155,250,000, of which about $70,000,000 were in cottons and woolens admitted at the low ad valorem duty of 5 per cent.

ENGLAND'S JEALOUSY.

This enormous increase in imports was not wholly due to a real or an assured demand from the United States. British manufacturers of all kinds of merchandise, but particularly makers of cloths, had viewed with anxiety the rapid development during the period of severed intercourse, of American manufactures, and when at last the bars to commerce were let down they stood ready to deal the nascent American industries a crushing and, if possible, a destroying blow. To flood American markets with a great quantity of goods at prices so low that domestic manufacturers could not hope to compete, English merchants early employed a method of distribution which received the support of American merchants as well. Large cargoes of goods were sent to America on consignment and disposed of at public auction. In this way fabulously low prices were accepted for the goods which, in the early days of this disastrous flood, American merchants resold at enormous profits. In some cases as high as 25 to 50 per cent of their sales represented clear gains.

There was at first a ready market for the goods at almost any reasonable price, but the low cost of clothing soon established by the auctions, engaged the interest of many classes of merchants and stimulated the influx of goods to an almost inconceivable extent. Cargoes of goods were bought outright. Banks, freed from the obligation of specie payment, advanced money liberally and discounted rashly, thereby affording opportunities for the manipulation of the largest ventures. Along with the rapid growth of imports there developed greater activity in dependant occupations. The carrying trade was

revived, shipbuilding was stimulated, and on shore all occupations bearing relation to mercantile transactions and the movement of merchandise received unusual stimulus.

Three-package sales of goods, which were conducted in midsummer of 1815 by one merchant amounted to $1,515,174. A single cargo was purchased for $300,000, divided into four notes of $75,000 each, all of which were discounted in different banks. The notes issued by one auctioneer, and those received by him for goods sold, extant at one time and discounted at the different banks, amounted to $1,200,000.

COMMERCE STIMULATED.

The unusual turn in commerce of all sorts wrought by the ensuance of peace was rejoiced at all over the country, and the malcontents of the East who had strenuously opposed the existence and conduct of the war received wonderful prestige. It seemed as though a long checked wave of prosperity was about to deluge the country with its weight of wealth. All businesses, save those relating to domestic manufacturing industries, revived in the general tide of commercial activity and took on new preparations for extending their operations.

Very soon, however, the commercial activity afforded by the liberal distribution of an enormous quantity of goods, far in excess of a normal trade, reached its climax and subsided as quickly as it had risen. In its retrogression this business carried with its lessening volume, falling prices and consequent failure and bankruptcy.

In viewing the situation of this period, late 1815, conditions prevailing in the goods industry must not be connected with the general commercial conditions of the country.

Merchants dealing in imported goods and banks had been lured into rash and extensive ventures by the extravagant profits secured from the first consignments. Presently a plethora of goods in the comparatively narrow American markets threw stocks back upon consignees, handlers of goods, and holders of notes, and the stress in this particular division of commerce was keen.

In the meanwhile domestic manufacturers and investors in manufacturing enterprises were seeing dispelled their profits which had been won through the difficulties that the establishment of an industry can alone produce, and the capital which had been invested as lavishly as it had been earlier gained.

A SETBACK TO THE INDUSTRY.

The American goods of this time were generally inferior to the British cloths which were flooding our markets at much less than the domestic cost of production. In a very short time there was practically no demand for home manufactured goods, and with the loss of their markets American producers were compelled in many instances to abandon their enterprises. Factories were closed and the capital invested was taken as a practical loss. Others who attempted to stem the tide against the flood of foreign goods were soon hopelessly bankrupt. Workmen were thrown out of employment and much comparatively new machinery was forced to become idle.

Thus during the greater part of 1815 the wool manufacturing industry received a disastrous setback, which was alone offset by the indomitable perseverance of a few who were engaged in it.

Wool growing also felt the destructive foreign competition, and the fall in prices of fine blooded sheep and in merino wool was as rapid and as great as that experienced in woolen goods. Where merino bucks commanded from $250 to $1,500 a head during the war of 1812, they now sold for a dollar each, and farmers, discouraged by the profitless husbandry of merino sheep, adulterated the strain by cross-breeding, and even valuable flocks were slaughtered entire.

Notwithstanding the disheartening condition of affairs to which the recent disastrous course of events had brought the industry, there were those identified with it who were determined not to surrender their rights to its promotion until absolutely forced to do so. In casting about for some resource by which they might successfully cope with the invasions of foreign products, they turned, as their only hope, to the national government and appealed for its protection.

Just prior to the close of the war, when peace was assured, indeed, in his message to Congress announcing the consummation of peace negotiations, President Madison referred indirectly to the impending danger to American manufactories and recommended some adjustment of import duties to preserve them from the disaster which probable excessive importations threatened.

V.

In general reference to the commerce of the country President Madison declared that there were "important considerations which forbade a sudden and general revocation of the measures that had been produced by the war;" and in particular reference to the country's manufacturing interests said that "there is no subject that can enter with greater force and merit into the deliberations of Congress than the consideration of the means to preserve and promote the manufactures which sprung into existence and attained an unparalleled maturity throughout the United States during the period of the European wars."

The measures which led to the war of 1812 and the war itself was equivalent to an extreme protective or prohibitive tariff and knowing what assistance similar legislation could render them the manufacturers of the country sent petitions to Congress when they saw the ruin of their industry encompassed by English products.

MANUFACTURERS' PETITION FOR PROTECTION.

On February 13, 1816, the Committee of Commerce and Manufactures in the House received a memorial petition from the manufacturers of cotton wool which stated at length the condition of the industry, its rise, the amount of capital invested in its operation, the number of laborers employed, the extent of its products, and finally the conditions wrought by the facile entrance into American markets given foreign goods.

Being assured of the Executive's sympathy with the question and having been awakened by the exigencies of the war to the necessity

for some such action as was appealed for, the committee gave the subject careful and studious consideration. Shortly afterwards it submitted to the House a most intelligent argument for protection.

The men who were connected with the preparation of this report had witnessed the slow and laborious development of the manufacturing industry in the first years of its inception in this country, had themselves experienced want when the undeveloped industry was unable to supply the country dependent upon it alone, had seen it spring up under this same stimulus and had later seen the destruction wrought by throwing open the ports of the country to foreign merchandise. The report itself is intelligible and convincing. Its arguments are sober, thoughtful, and conclusive, applicable in a lesser or greater degree to any condition of American commerce from that day to this.

It is true that it had opponents then as there are to-day enemies of the same national economic policy, but those who are now desirous of abolishing entirely tariff for protection would do well to study the report of the Committee of Commerce and Manufacturers of February, 1816.

REPORT OF THE COMMITTEE.

The report in its most important parts is as follows:

Our wants being supplied by our own ingenuity and industry, exportation of specie to pay for foreign manufactures will cease. The value of American produce at this time exported (1816) will not enable the importers to pay for the foreign manufactures imported. Whenever the two accounts shall be fairly stated the balance against the United States will be found to be many millions of dollars. In proportion as the commerce of the United States depends upon agriculture and manufactures as a common basis will it increase and become independent of the fluctuations which the ambition or jealousy of foreign Governments are too apt to produce. Our navigation will be quickened, and, supported as it will be by internal resources never before at the command of a nation, will advance to the extent of those resources. New channels of trade and enterprise, no less important than productive, are opening, which can be secured only by a wise and prudent policy appreciating their advantages. If want of foresight should neglect the cultivation and improvement of them, the opportune moment may be lost, perhaps for centuries, and the energies of this nation be thereby prevented from developing themselves, and from making the boon proffered our own. By trading on our own capital collisions with other nations, if they be not entirely done away with, will be greatly diminished.

The expenditures of the last war were greatly increased by a dependence on our foreign supplies. The prices incident to such a dependence will always be high. Had not our nascent manufacturing establishments increased the quantity of commodities at that time in demand the expenditures would have been much greater and consequences the most fatal and disastrous would have been the fate of this nation. * * *

The American manufacturers expect to meet with all the embarrassments which a jealous and monopolizing power can suggest. Foreign manufacturers and merchants will put into requisition all the powers of ingenuity; will practice whatever art can devise and capital can accomplish to prevent the American manufacturing establishments from striking root and flourishing in their rich and native soil. * * *

Competition will make prices of articles low and the extension of the manufactures will produce that competition.

The committee considers the situation of the manufacturing establishments (those of cotton wool) to be perilous. Some have decreased and others have suspended business. A liberal encouragement will put them again into operation with increased powers, but should it be withheld they will be prostrated. A capital of nearly sixty millions of dollars will become inactive, the greater part of which will be a dead loss to the manufacturers.

The committee concluded its report with a recommendation of increased duties on such articles as the petitioners were concerned in manufacturing.

This appeal by the cotton wool manufacturers was shortly afterwards followed by a memorial from the makers of woolen cloths, who presented a petition similar in character to that which preceded.

NATIONAL IMPORTANCE OF MANUFACTURES.

About this time Secretary of the Treasury A. J. Dallas presented to Congress a provisional tariff law in accordance with instructions given after the reading of the President's message in February of 1815.

In his report Mr. Dallas divided the manufactures of the country into three general classes for the purpose of facile and judicious legislation. The principles of protection were embodied in this paper and there was shown the necessity for varying rates of taxation upon goods in correspondence with the stage of development of manufacturing similar articles in this country.

Thus, in the first general class were included manufactures which were firmly and permanently established and which wholly or almost wholly supplied the demand for domestic use and consumption. The second class comprised manufactures which had been recently or partly established, did not at that time satisfy the demand for domestic use, but which with proper cultivation would be capable of being matured to the whole extent of the demand. In the third division were placed the manufactures which were so slightly cultivated as to leave the country wholly or nearly dependent upon foreign sources for a supply.

The progress of wool manufacture was well illustrated by the class for tariff discrimination, which embraced the several divisions of the industry. In the first class of permanently established plants sufficient of themselves to supply the domestic wants were placed hats of wool and fur. In the second division, embracing such articles whose manufacture in this country demanded "proper cultivation" were included woolen goods of the coarser kind generally and some of the finer kinds; and in the third class of undeveloped manufactures were included woolen goods of many descriptions, worsted goods of all kinds, blankets, carpets and carpetings, hosiery of all kinds, including knit or woven gloves.

TARIFF DISCRIMINATION.

Concerning the rates of duty, a tariff might be so imposed on the goods of the first class which would amount to prohibition of entry without endangering a scarcity in the supply. On the second class of goods it was deemed that the duty should be protective without being absolutely prohibitive. Yet protection was of the first and most vital importance, as the domestic manufactures would increase in proportion to the extent of the demand for products from the one source. "The inconveniences of the day," wrote Mr. Dallas, "will be amply compensated by future advantages. The agriculturist whose produce and flocks depend for their value upon the fluctuations of a foreign market will have no occasion eventually to regret

the opportunity of a ready sale for his wool or his cotton in his own neighborhood."

The third class of manufactures was judged by Mr. Dallas not to require attention at that time further than to adjust the rate of duty to the amount of revenue it was necessary to draw from them.

The difficulty of recognizing stable lines of cotton or woolen goods rendered it necessary for convenience and to prevent fraud and confusion, to make them all subject to a common duty.

Woolen goods had been theretofore subject to a duty of only 12½ per cent. It was proposed to raise this rate to 28 per cent ad valorem, an advance of 124 per cent.

OPPOSITION TO THE TARIFF.

Notwithstanding the support which the proposed tariff for protection received, it met also with considerable opposition in parts of New England, and particularly in the Southern States. The merchants of Boston, which was eminently a commercial city, especially in the sense of having an extensive trade with foreign countries, had then no connection whatever with the wool manufacturing industry of this country and opposed the principles of high protection for fear of destruction of their principal source of wealth.

The South was an agricultural section and even feared that a high duty would support only the northern manufacturers at their own greater expense.

Thus when the tariff of 1816 became a law it had been modified from Mr. Dallas' provisional tabulation, and for the sake of a particular instance, on woolen goods was placed in lieu of a 28 per cent duty, only a tariff of 25 per cent ad valorem to hold good for 3 years, after which a duty of 20 per cent was to have been levied.

The original draft of the tariff of 1816 stipulated that a duty of 15 per cent ad valorem should be levied upon all importations of wool. On March 28 this was modified to a 7½ per cent duty in the House of Representatives on motion of Mr. Ingham of Pennsylvania. However, wool was subject to a duty of 15 per cent under the clause covering unenumerated articles.

THE STRUGGLE FOR ADEQUATE PROTECTION. 1816–1824.

The tariff of 1816, despite the advance in a protective policy which it reflected, was on the whole inadequate to the needs of the manufacturers of wool. It could not at least repair the damage already inflicted upon the industry by the excessive importations following the war and was a constant subject of discussion and legislation for the next eight years.

Immediately following the peace of 1815, and even to the close of 1819, the manufacture of woolen cloths in the United States struggled for bare existence. These years were replete with failures, yet the industry made a distinct and important advance. Through successive losses and bankruptcy it was being evolved from its first crude character, practically household manufacture on a larger and more comprehensive scale, to a more truly modern plane and scope.

A plentiful supply of goods had immediately after the war brought prices to a low level and even at inconsiderable cost there was a lim-

ited market for American products until after the foreign stock had been well assimilated. During this same period which witnessed such stress and severity of competition in manufactures, the general commercial conditions of the country were exactly the reverse. The majority of the people had not forgotten the prosperity adduced from a foreign trade, which the war of 1812 and its causes had interrupted. With a natural condition of affairs the world over the country might have progressed beyond the conditions of commerce experienced prior to 1808, but successive short harvests abroad now centered the demand of Europe upon the food products of America and shortly after the consummation of peace with England the old trade was revived in all its former extent and volume.

Agricultural products rapidly enhanced in value as the foreign purchases continued, bringing higher prices in domestic markets as well as in foreign. The carrying trade stimulated first by the extensive importation of goods in 1815 and 1816 revived and attained broader proportions.

At home a false currency system placed negotiable but irredeemable money in free circulation and prices rose easily to almost extravagant figures. The agriculturists were again of greater importance and although in early 1816 the manufacturers were considered by Jefferson to deserve equal recognition in the industrial scale of the country, the latter were for the time at least relegated to their former position.

In the latter part of 1818 the currency system was undermined, precipitating a financial panic. Scenes incident to the reaction in the goods markets when they became surfeited with foreign stocks were repeated, the difference now being that failures and bankruptcy were not confined to a single trade.

VI.

In this year (1819) of panic and of commercial and financial stress the great foreign trade in raw products built up by the recent exigencies of Europe decreased in volume as European products attained their customary normal extent and were equal to the yearly demand put upon them.

The overthrow of inflated values and the ruin to much business consequent upon their rise destroyed confidence in customary enterprises. The manufacturing industry having but little to lose in the value of its products, stood out conspicuously by its comparative stability among the common fall and failure.

By this time, moreover, the supply of foreign goods were well distributed and exhausted and articles of wear attained greater importance as marketable commodities. The proposed cessation of the 25 per cent ad valorem duty and the substitution therefor of a 20 per cent tariff, have taken place in 1819, had been forestalled by legislation in 1818, and the old duty remained in force for some years longer.

Cotton manufacturing had made wonderful strides through the introduction of the power loom, and the manufacture of wool had been advanced by the same means. The old arguments which had given greater prestige industrially to manufactures were revived, and with the restoration of a more stable and sound money system capital

was again invested liberally in such enterprises. The importance of domestic production of fine wool and the making and handling of American goods was also enhanced.

The disastrous results in national finance and commerce caused naturally by the excessive exportations of specie over the importations, proved conclusively the desirability and even the necessity for the people to trade upon their own capital. Manufacturers alive to their own necessities petitioned Congress repeatedly for higher duties on their products and more complete protection to foster an industry which should bring about this result. In the first session of the sixteenth Congress, 1819–20, a protective tariff was passed by the House, but met defeat in the Senate.

CENSUS OF 1820.

The census returns of 1820 fixed the population of the United States at 9,638,131. Of this number 2,075,363 were engaged in agriculture, 349,663 in the various manufactures, and 72,558 in commerce, including country shopkeepers. The total capital invested in manufactures amounted to $46,837,266. In the memorial presented to Congress in 1816 by the woolen manufacturers of the country it was shown that in this industry alone there was invested $12,000,000, that there were employed 100,000 hands, producing goods valued annually at $19,000,000. The value of dutiable goods manufactured in the country in 1820 was $32,271,984. On account of adverse conditions the wool industry had for some time made little or no increase in the amount of capital invested and in the extent of its products. It had nevertheless made internal developments of importance. Of these, one was the first spinning jenny of power propulsion used in the United States, which was introduced in 1819 in the Peace Dale mill of Rowland Hazard. Particularly in New England new enterprises were inaugurated with liberal capitalization and such "modern" equipment as could be obtained. Connecticut and Massachusetts were making comparatively rapid strides in the establishment of new factories, although even in these States it was not uncommon to see at the same time idle machinery and neglected mills, the result, perhaps, of attempts to pursue an unlearned occupation, but certainly the extreme examples of the season's distress and failure.

During the war of 1812 American manufactures had found no difficulty in securing a ready market for their goods, but subsequently their outlet was narrowed and in place of being sent to a distance the products sought sale first in the immediate neighborhood of their production.

BOSTON A MARKET FOR DOMESTIC GOODS.

Boston had been a commercial city in the full meaning of the word in the early century. Its merchants included extensive handlers of foreign merchandise, comprising among other commodities woolen goods from British and European factories.

The exaggerated profits of the commission business in 1815–16 and even a little later had encouraged many to engage in that trade but with the plethora of goods presently experienced and the imposition

of the tariff not a few found their business destroyed. During these years the manufacturers of New England now and then sent some of their products to Boston, often to be peddled in the streets, but when their sale was slow and difficult it become desirable to have them held over in such a market as Boston afforded until buyers could be found to take them up.

Thus before long a few merchants were encouraged to engage in the handling of goods from American factories, undertaking that was no doubt looked upon with condescension by the importers and sellers of foreign fabrics.

As early as 1821 James Vila and George Smith had a warehouse at 64 State street for the storage and sale of American goods, and in the spring of the same year Joshua Clapp opened a store on Cornhill for the sale of such goods on commission. With these and similar attempts Boston early secured the distinction of the chief market for domestic cloths.

The two or three years immediately succeeding the panic of 1819 were quite advantageous to the development of wool manufacturing, although they were filled with peril for those who were not well acquainted with the industry and skilled in the operation of the factories.

At that time our factories were a full quarter of a century behind the English mills, but with the recent introduction of the power loom great progress had been made and manufacturers were soon enabled to place a better class of goods upon the market in much larger quantity, and, moreover, with considerable saving in cost of production. Through the lessened value of agricultural products and cost of labor and rents makers of goods secured some advantage. While domestic fabrics brought no higher prices than heretofore, they were now being made much more cheaply and more expeditiously, and very soon the industry attracted increased attention by the profits which, under careful and intelligent management, it uniformly yielded.

In 1821 the Wolcott Woolen Company, first established in 1814, was incorporated at Southbridge, Mass., with a capital of $144,000, for the manufacture of broadcloths and cassimeres. It employed 32 looms, which with its other machinery were valued at $40,000.

In the latter part of 1823 New York State had 62 factories for making cotton and woolen goods, 16 mills for the manufacture of woolen goods alone, and 12 for making cotton, woolen, and linen cloths. Oneida county had a woolen mill which consumed annually 80,000 pounds of wool, and a cotton and woolen mill employing 700 spindles and 12 power looms. New Hampshire contained 18 woolen factories. Connecticut in 1816 had 25 woolen manufacturing establishments, employing 1,200 hands, and producing annually 100,000 yards of cloths, and the number of mills was now increased in that State and the remainder of New England.

The industry was, however, struggling under difficulties which had attended the enterprise almost uninterruptedly since its inception in this country. The chief of these were an inadequate supply of suitable wool and the competition of foreign goods.

OBSTACLES TO RAPID DEVELOPMENT.

With the first influx of British cloths after the peace of 1815, and the consequent destruction to many American enterprises, the value of merino sheep in this country rapidly deteriorated. Fine blooded sheep were slaughtered extensively or disposed of at merely nominal prices, while there was no apparent reason for preserving the strain from crossbreeding. Of course the reaction set in before long and the desire to substitute Spanish merinos for the domestic sheep was just as strong as it had been before and during the war of 1812.

Despite the duty of 25 per cent ad valorem levied upon woolen goods of certain kinds, the importations of foreign cloths continued in very large quantities up to 1818. In 1820 and 1821 there was very little diminution in the volume of foreign goods flooding our markets, and American manufacturers began to make formal protests and petitions to the Government for fuller protection. In the two latter years the imports of woolen goods alone were valued at $19,000,000, and the cloths after paying a 25-cent duty outsold the domestic products easily. American manufacturers, notwithstanding the impetus lately received, were again being hard pressed by their foreign competitors, and the fight for protection became imbued with the spirit of vital necessity.

The most eminent statesmen of the day were enrolled in the ranks of protectionists. Madison had practically framed the first tariff in 1789, and in 1815 had substantially inaugurated the movement culminating in the protective tariff of a year later. Jefferson had witnessed the exigencies of the domestic manufactures of cotton and wool, had recognized and appreciated their increased importance in the industrial strength of the United States, and had considered them on an equality with the fundamental class of the country, the agriculturists. He had listened to their appeal for protection, had seen its vital importance to their pursuance of the industry, and had thrown the weight of his personality on their side. Clay was an earnest exponent of the protectionist's cause; Calhoun was its ardent advocate; Monroe, imbued with its doctrines, gave to the policy greater strength, scope, and national significance; and even dignified Daniel Webster, at first on the side of free trade, was easily won to its support when he had fully examined its principles.

PETITIONS FOR PROTECTION.

On January 19, 1824, the "manufacturers, mechanics, and friends of national industry, citizens of Connecticut," addressed a petition to Congress seeking protection for their struggling enterprises. The planters of the South were inexorably opposed to a revision of the tariff to the advantage of the manufacturers, since they feared the latter's gain would be entirely at their expense. The memorial from the citizens of Connecticut referred to this opposition and noted that the Southern planter himself was already protected by a duty on tobacco and sugar equal to 50 to 100 per cent. It was further argued that by supplying home markets with domestic fabrics the demand for foreign cloths would be diminished and therewith the country's vast indebtedness.

Cotton was then the great remittance to liquidate the enormous debt due from citizens of the United States to Great Britain. Previously there was an inability to supply the demand for cloth by domestic manufacture, but at the time of the petition home manufactories were able to furnish every article of clothing, fine linen and silk excepted. Furthermore, Great Britain was selling us manufactures to the amount of $40,000,000 annually, and to stimulate the exportation of wool the cabinet of St. James was contemplating a drawback of 12 per cent.

On the date of the above petition, January 19, 1824, an assemblage at Albany of the citizens of New York, including delegates from most of the counties, petitioned Congress for an increased duty on woolen and cotton goods. Their memorial was even more convincing than that from the citizens of Connecticut, and undoubtedly its influence upon the subsequent enactment of a protective tariff was material. It asserted that the experiment of a protective tariff had proven eminently successful. During the late war (that of 1812) many extensive woolen factories were erected, much capital was invested, and our country was relieved in a degree by their products during that period from great distress and suffering for want of clothing which would have existed without their aid. At the close of the war the importations of foreign woolens were so excessive as seriously to injure the importers and to prostrate almost all the woolen manufacturers of the country. In consequence of the demand for the raw material created by the flourishing condition of our manufactories during the war, many citizens were induced to expend large sums in the introduction of merino sheep, whose numbers had increased so as to constitute a considerable item in the wealth of our agriculturists.

The destruction of our domestic woolen manufactures depressed so essentially the value of wool and the animal producing it, that in 1816 their numbers were greatly diminished. For some time after 1816 even the limited quantity of fine wool produced from our flocks was principally exported to Great Britain, but the prices of woolen goods having again risen in the market, other individuals were induced to purchase the establishments erected during the war and put them into successful operation.

Their success induced still others to venture and many more valuable establishments were erected, much machinery procured, and many individuals employed in them. In the year 1821 the consumption having equalled the product of the raw material a quantity of wool was imported. This fact of public notoriety changed the whole aspect of the trade. Prior to that our merchants imported, on their own account and at merely a fair mercantile profit, goods equal to the wants of the country.

VII.

Since that period (1821) our markets have been overstocked with British woolen goods, which have been sold on account of the manufacturer or British merchant at auction and at prices less than their actual cost, the continuance of which even for a short time must mean the ruin and destruction of the woolen manufacturers of the country.

These arguments were opposed by the planters of the South. Indeed, the citizens of Petersburg, Va., protested in a formal memorial to Congress, February 13, 1824, against the alteration of the tariff designed to raise the duty upon importations of woolen goods. This petition cited that the country was then exporting 600,000 bales of cotton annually and the Southerners feared that "this and other agricultural industries would be destroyed for the emolument of the few." They asserted that an increase in the tariff on imports would be "equal to taxing the States south of the Potomac annually $6,000,000, to be distributed among the other cities north of that river, and to the merchants universally paying 10 per cent on their capital for the same purpose."

On May 22, 1824, a tariff law was enacted by which the duty on manufactures of wool was advanced from 25 per cent ad valorem to 30 per cent, to hold until June 1, 1825, after which it was to be 33⅓ per cent ad valorem; reckoning the minimum price of 80 cents per square yard on all cloths except blankets, flannels, baizes, and unmilled worsteds or stiff goods and on these except blankets and carpets a minimum price of 40 cents per square yard.

By the tariff of 1824 raw wool was dutiable as follows: Value not exceeding 10 cents per pound, 15 per cent ad valorem; value exceeding 10 cents per pound, 20 per cent ad valorem until June 1, 1825, then 25 per cent until June 1, 1826, afterwards 30 per cent ad valorem.

PROTECTIVE LEGISLATION DEFEATED BY ENGLAND, 1824–1827.

With the promise of adequate protection under the tariff of 1824 wool manufacturing took a fresh start. More money was invested in factories, mills were extensively capitalized and expensively equipped, while the demand for wool increased proportionately. Prior to 1825 manufacturers were accustomed to obtain their wool in the country directly from the growers, paying cash for it or else guaranteeing the farmers a proportionate share of the proceeds from the manufactured cloths. This method answered very well when the manufacturer's demands for twelve months' consumption were of such moderate extent that the wool could be easily handled and the farmers' separate accounts readily followed.

Each year, however, the mills were winning the industry more completely from the households, and their capacity and output were enlarging. When profits became meager on single sales their operations were extended and presently the volume of business transacted in the raw and manufactured wool compelled the usage of other methods than the simple ones first in vogue.

Under the obligation of paying cash for the comparatively large quantities of necessary raw wool, manufacturers soon sought loans from their own selling agents or other goods commission merchants in the larger cities, giving as indemnity, mortgages on their factories or their parts. Thus selling agents and commission men became involved in manufacturing enterprises. Having supplied the capital for the purchase of the raw material, they became partners in its manufacture until they were able to regain their money from the sale of the goods.

BIRTH OF THE WOOL TRADE.

It was but a step from the goods merchants supplying capital to enable manufacturers to buy wool, to their receiving the wool at clip time in their own warehouses and retaining it until sold to the manufacturer, accepting for payment notes on mill property as before. But it was not long before goods merchants bought the wool themselves, taking some profit, in addition to the interest upon their money invested, when the wool was turned over to the factories.

From Massachusetts' prominence as a manufacturing State, Boston early attained distinction as the chief market of the country for domestic made goods. Besides that Boston numbered among its merchants some of the most prominent sellers of foreign goods of the day. These latter sold almost, if not entirely, on commission, and their extensive operations gave Boston its first importance as a distributing market for clothing.

The identification of the commission trade with the interests of manufacturers, first accomplished through the aid given the latter in their purchases of raw material, very early became a closer relationship than was perhaps anticipated. In instances of irredeemable losses on their season's goods, manufacturers were not infrequently obliged to forfeit their mills in toto to the merchants who held their notes. Thus commission merchants were perforce made manufacturers, and when they were successful in their newest venture and were able to retain their former business, they allied the two interests under one direction. Boston merchants were in turn goods commission sellers, consignees of wool and manufactures, and in their experience of the three businesses was the genesis of a new industry, combining the operation of formerly distinct trades.

GENESIS OF THE LOCAL TRADE.

Boston's first connection with these trades was through the commission houses. In addition to a number of prominent firms dealing exclusively in the foreign goods there were, in 1824, several sellers of American goods as well. Among these were James and Joseph Vila, George Smith, Joshua Clapp, and Lewis Tappan & Co., who were the selling agents for the famous Wolcott Woolen Manufacturing Company. Daniel Denny, who was this year associated with his brother George in the handling of woolen goods, had commenced business in his own name in 1817 at 9 Cornhill. In 1818 Breck Parkman was associated with him as partner, continuing in the firm of Daniel Denny & Co. until 1823.

In 1825 Isaac Livermore became a dealer in American goods at 10 Water street, and in the following year took James C. Dunn into partnership. In 1826 Joseph Vila was associated with John Phillips and Charles G. Reynolds in the sale of domestic goods, in the store of James Vila at 80 Water street. Two years afterwards James Vila conducted a wool warehouse at 1 Bath street, near Hancock.

As a distinct business this was probably the first appearance of wool selling. The trade had been first brought to Boston by the goods selling agents who had loaned their money to the manufacturers, and Boston had become a market for the distribution of wool

because the commission men were located there in strength, and because of the many nearby manufactories. When once it had become established in that city its rise and expansion were effected through the stability there of the interests and trades coincidental with its operation.

VIII.

In 1829 it can be found that few changes had been made in the local wool trade. In the following year there were several newcomers. James C. Dunn had retired from the firm of Livermore & Dunn and Hugh R. Kendall had taken his place. Kendall had for a number of years conducted a bakery at 9 Water street, close to the place where Isaac Livermore first began the sale of American goods.

In all probability an acquaintance and friendship had sprung up between the two men during this year of 1827. Livermore had removed to 23 Kilby street when James C. Dunn had become associated with him. He then went to 22 Central street, and in 1828 to 27 Kilby street. To this latter store Kendall came in 1830, and the new firm at once engaged in conducting a wool-selling business. James Vila had now added a commission business in indigo to his wool interests, while Joseph Vila embarked the same year in the wool-selling enterprise.

In 1830 the prominent auctioneering house of Whitewell, Bond & Co. had been in existence for a number of years. This firm comprised Samuel Whitewell, jr., George Bond, and George William Bond, son of George Bond, and Benjamin Seaver. George William Bond,[a]

[a] George William Bond was for nearly half a century the most prominent figure in the wool industry. He combined a knowledge of the methods of manufacturing wool with an almost perfect comprehension of its innumerable characteristics, and was not only a leader in the wool trade but was universally recognized as the one man in this country at least who had thoroughly mastered all the technicalities of his business. Mr. Bond was prominently associated with the National Association of Wool Manufacturers from its very inception, when at its first meeting, in 1865, he was made chairman of the committee on raw materials. He retained this position until 1860, when he was appointed chairman of the committee on statistics, which office he held until 1889. Mr. Bond formulated the classification of wools for the purpose of assessing tariff duties in the act of 1867, and his schedule has been found so comprehensive and accurate that it has not since been altered. He also prepared the standard samples of wool to meet his classification. In 1874 Harvard University conferred upon Mr. Bond the honorary degree of A. M., "in recognition of his public spirit and of his thorough knowledge of the important industries of wool growing and wool manufacturing."

Mr. Bond early recognized the necessity in his business for some reliable statistical information of the daily transactions in the wool trade, which led to the publication of his annual wool circular. The first issue appeared about 1857, and marked the beginning of such statistical reviews for the trade in the United States. The last circular issued by the house expressed its indebtedness to the Commercial Bulletin as the first statistical authority. In 1880 Mr. Bond was appointed to take the federal census of the wool industry, and for the first time the United States census contained a statistical presentation of the industry worthy of its importance.

Many since Mr. Bond's day have made of the wool industry a more profitable business than he succeeded in doing, but no other man has given to the industry so much unselfish and painstaking labor, resulting in its rapid and full development to a plane where all who are engaged in it or are dependent upon it may enjoy equally its fuller and more beneficent advantages. Mr. Bond unconsciously won for himself the name of the Nestor of the wool trade.

George William Bond was born in Boston, June 22, 1811, and was educated first in the Boston Latin School and afterwards at the school in Roundhill,

of importance in the wool trade later, had entered the employ of David Denny & Co. in 1827.

During this period of six years, 1824 to 1830, within which time wool selling had been developed into a distinct trade, wool manufacture had pursued a very irregular existence.

DIVISION OF THE TARIFF.

The foremost and most important advocates of a protective tariff at this time were the wool manufacturers. They were seconded by manufacturers of iron, cotton, etc., and by those among the agriculturists who devoted considerable of their labor and capital to wool growing.

The opponents of a highly protective rate of import duties were first and foremost the growers of cotton in the South. They were supported by the large number of the agriculturists in the North and East who were not concerned with sheep raising, and by the importing and commission merchants of the large seaports who dealt extensively in English and other foreign merchandise. With these two parties were arrayed the rest of the citizens and legislators of the country, according to their sympathies or interests.

The protective party had with difficulty succeeded in securing the enactment of even a partially protective tariff in 1816, even though the executive himself inaugurated the policy. During the following eight years the struggle between the contending parties was bitter, and notwithstanding the strenuous efforts of the manufacturers and their copartisans, the advocates of a duty for revenue only had notably the advantage. Indeed, several proposed tariff changes designed to afford domestic manufacturers more complete protection had met defeat within these eight years, and the only success achieved by the protectionists during this period was the passage of a bill continuing the tariff of 1816 without the reduction contemplated.

IMMEDIATE EFFECT OF THE TARIFF.

By 1824 the loose constructionists were in a majority in Congress, and after a debate of more than two months there was passed the protective tariff of 1824. On the issue of this measure hung extensive interests. New England, already the acknowledged home of the wool manufacturing industry, was, perhaps, most deeply concerned in the outcome, and when the news reached the East that the tariff had actually passed Congress and had become a law it was felt that a new era of prosperity had come upon the land.

Northampton, kept by Dr. Joseph G. Cogswell and George Bancroft. In 1827 he entered the store of Daniel Denny & Co., dry-goods jobbers, and in 1832 was admitted to partnership in his father's house, Whitwell, Bond & Co. In 1838 George Bond started business with his two sons, George William and Charles R. Bond. George Bond died in 1842. The firm, known as George William & Charles R. Bond, became in 1845 Bond, Wyman & Arklay. In 1848 George William Bond started a brokerage business alone, and in 1867 associated with him as partners his son, William S. Bond, and I. Lewis Brackett. Mr. Bond died in 1892, and the house which he had founded was dissolved soon afterwards.

Factories were multiplied and many investments hardly warrantable were made. The industry received a magnificent start and expanded rapidly. The most modern machinery was bought and set in operation on an extensive scale, and the output of the mills increased remarkably.

A check to this impetus, however, came very shortly. England had not, nor—indeed, has she since—abandoned her interest in the American market for her manufactures, and at once modified her imposts to enable her manufacturers to undersell American makers in their own markets. England reduced her rate of import duty upon wool from 6 pence per pound to a penny and even a half penny per pound. English manufacturers were, moreover, willing to experience a loss upon their first consignment of goods, provided that they might again force their American competitors to the wall, as they had done in 1815 and through several successive years.

In 1825 there were imported into the United States cloths, cassimeres, flannels, baizes, blankets, hosiery, worsted-stuff goods, and other manufactures of wool, including carpetings, to the value of $11,392,264. In 1826 the value of similar importations had fallen off to $8,531,974, but the desired effect had been accomplished and American manufacturers were again suffering from an overwhelming foreign competition.

APPEAL FOR RELIEF.

By 1827 the manufacturing and agricultural classes, who looked upon protection as the only means by which they might establish their business upon a profitable basis, were convinced that the so-called high tariff of 1824 was inadequate to the needs put upon it. Protests and appeals for greater protection found expression all over the country. Levi Lincoln, governor of the Commonwealth of Massachusetts, in his message to the state legislature on January 3, 1827, said:

> Its (Massachusetts) foreign commerce has sensibly diminished and the deficiency is to be supplied by a greater extent of domestic trade, sustained by the products of agriculture and manufactures. The former of these interests may be greatly promoted by facilitating the means of transportation, while the latter is to be sustained only by just measure of protection from ruinous competition with the insidious exportation of the calculating or the forced sacrifices of the starving manufacturers of Europe. With the wisdom of Congress it rests to decide upon the earnest appeal of a numerous class of our fellow-citizens against the injustices they suffer from the influx of foreign fabrics.

This portion of Governor Lincoln's message was referred to a special committee in the house of representatives (state legislature) to look into the condition of the industry. The report returned to the house on January 26, 1827, stated that the wool manufactories held a large amount of invested capital besides affording employment and support for thousands of citizens. It was believed that the industry was of national importance and that a further amount of capital would find investment in its operation if the manufacturers could obtain relief from their embarrassment. Such relief should afford adequate protection from the "ruinous competition of an overgrown foreign manufacturing interest." Under the direction of this committee a resolution was addressed to the National Congress expressing the solicitation of the state legislature for the condition of

the manufacturing industry and suggesting that Congress should devise and adopt such measures as would relieve it in its depression.

BILL FOR A HIGHER TARIFF.

At this time a new tariff schedule had passed the House of Representatives and was placed before the Senate for their consideration and action. The bill as it came from the House assuredly provided for ample protection that must in several instances have amounted to absolute prohibition. The country by this time was fairly "protection mad." The preceding national election had been upon this issue, and, strangely enough, both candidates for the Presidency, Adams and Jackson, were believed to be warm espousers of a high protective system of imposts. The advantage derived from giving assistance to domestic industries by laying high duties upon competitive foreign products had been witnessed and enjoyed by the whole country, and manufacturers had flourished so marvellously under the most perfect practice of the policy that they were ready to ruin their own cause by their haste and lack of caution.

WOLCOTT WOOLEN MANUFACTURING COMPANY.

On January 26, 1827, while the new tariff bill was before the Senate, a letter was sent to Daniel Webster by the clerk of one of the foremost wool manufacturing establishments of the country, stating the condition into which it had been brought and urging the Senator's efforts in behalf of the proposed bill. This was the famous Wolcott Woolen Manufacturing Company, having factories in Southbridge and Woodstock, Mass. The conditions set forth in this letter may be taken as a criterion of the industry's status throughout the country. The Wolcott Woolen Company was incorporated in 1820 with a capital of $50,000, which was increased to $400,000 in 1824. Under practically the same management the Globe mill had been built and conducted in 1814. The company in 1824 comprised William Payne, president, Ebenezer T. Andrews, John Williams, and Samuel Torrey. The letter from Clerk Torrey to Daniel Webster accompanied two votes passed on January 25 "by the Wolcott Woolen Company, in consequence of the great losses they have met with during the past year; their accounts having been made up to the 31st of December, 1826, and show a loss of more than 10 per cent on their capital stock, not by bad debts, as they do not exceed $100, but in consequence of the large quantities of woolens sent to this country from England and Germany and sold at auction at a very great loss if the fair duties had been paid upon them. The Wolcott Woolen Manufacturing Company have been incorporated several years; they have the most approved machinery and the cloths made at their factory have been sold from $1.75 to $10¾ per yard; they obtained the medal of the New England Society for the best cloth exhibited in October last; there have been manufactured at the factory during the past year 44,575 yards broadcloth, valued at from $1.50 to $8 per yard; the losses by other woolen manufactories must be about equal to ours, and we must suspend the business entirely unless the Government grant us some protection by an increase of duties. In the factory at

Woodstock, to which the second vote refers, we have had in full operation the last year 15 broad hand looms and other necessary machinery for making superfine cloths, and at Southbridge we have had 16 power looms and 5 hand looms in operation. One-fourth part of the hands there are to be dismissed immediately and the wages of those retained are to be reduced, and it is our intention to lessen the number employed until the work is suspended unless we get some relief from Congress during the present session."

The second vote directed "that the agent be required to have finished all the cloth now in preparation at Woodstock and to suspend all business there by the 1st of April next if possible."

Before the Senate had, in the early part of 1827, taken final action upon the tariff, the chambers of commerce of the four important ports of the country, New York, Boston, Philadelphia, and Baltimore, had protested against increasing the duties upon importation, and undoubtedly their combined persuasion influenced in a measure the subsequent decision. It is easy to perceive the reasons for their opposition, since a restriction upon foreign commerce was a direct blow at the interests which they represented.

The bill, however, owed its defeat primarily to the party struggle in the Senate, and its downfall, accomplished by the deciding vote of Vice-President Calhoun, constituted a blow at a presidential measure.

THE TARIFF OF 1828 (1827–28).

Notwithstanding the ill success which met the tariff bill of 1827, the protectionists renewed their efforts at once its defeat was assured. On July 30, 1827, a national convention of agriculturists, manufacturers, and representatives of allied trades met at Harrisburg, Pa., and adopted resolutions advocating a higher tariff and urging upon the people of the country and Congress the necessity for such protection to domestic industries. It became at once evident that the "woolen bill," so called for its most prominent feature, was to form the subject of controversy in the ensuing session of Congress, and meetings of alternating purpose were held from one end of the country to the other. Citizens of cities, counties, States, and sections of the country were divided against each other as they separately found their employment in domestic wool growing, manufacture and sale, or in foreign commerce, and as the year progressed the struggle to elicit the support of Congress to one side or the other grew more keen and bitter. Broadly, the South was arraigned against the North and East, although dissenters were not infrequent in either section, particularly in the latter. Meetings and invariably consequent memorials were so numerous during this time that it is now impossible to take cognizance of the less important.

About a month and a half prior to the Harrisburg convention the citizens and the chamber of commerce of Charleston, S. C., had met to express formal protest against the expanding policy of a protective tariff. Their memorial stated two leading objections to the acceptance of this policy: First, that the duties contemplated in the bill must constitute an aggravation of an already unequal and burdensome tax on the consumption of the Southern States, and, secondly, that they must have an increasing tendency to limit the foreign markets for their (the South's) staples.

IX.

At the meeting of the Agricultural Society of South Carolina on August 24, 1827, the constitutionality of the new tariff was denied and selfish motives were attributed to its advocacy. The resolutions adopted at this meeting, standing for the South's chief opposition to increased duties, stated:

I. That any system of measures adopted by the General Government subversive of the equality of every branch of industry is repugnant both to the letter and spirit of the Constitution.

II. That the protecting duties in favor of domestic manufactures at the expense of agriculture are unequal in operation, invidious in principle, and of despotic policy; and

III. That the woolen bill is a measure pregnant with evil to southern interests and should be resisted with decision and energy.

It was suggested, moreover, that the bill of 1827 had been suddenly introduced and passed through the House, and but for peculiar circumstances (the strength of the antiadministration party) would have been passed by the Senate.

The citizens of Chester District, S. C., formulated resolutions of objection on September 3, 1827. They called attention to the increased cost of clothing for the slaves which the new tariff, they believed, would bring about and the consequent unjust tax upon the South in favor of northern manufacturers. Further than this, it was believed that such measures were calculated to alienate a large class of citizens from federal interests.

BOSTON'S PROTEST.

The most elaborate argument against an increase of duties upon imports was, however, prepared by certain citizens of Boston at an adjourned meeting on November 30, 1827. Their treatise on the tariff is preserved in its entirety but is not of permanent value, since its arguments were based upon the peculiar conditions then prevailing and was inspired undoubtedly by an ulterior motive and for individual ends. It carried some weight at the time, however, and its statements and conclusions were frequently copied elsewhere.

The committee chosen at the meeting comprised the following men, whose business connections are given to illustrate their commercial interest in the subject:

Nathaniel Goddard, chairman, president of the New England Bank; Lemuel Shaw, counselor; Joseph Baker, president of the Mercantile Marine Insurance Company; William Foster, wharfinger; and Isaac Winslow, William Goddard, Enoch Silsby, Thomas W. Ward (of Ropes & Ward), Edward Cruft, Lot Wheelwright, Henry Lee, R. D. Shepherd, Samuel Swett, Daniel P. Parker, and Samuel C. Gray, merchants.

A resolution prepared by the committee stated the opinion of the meeting to be " that in the present state of the agriculture, manufactures, and commerce of the United States it would be unjust, impolitic, and inconsistent with the best interests of the community to impose further and higher duties upon imported articles generally, and more particularly upon imported woolen goods." The memorial which accompanied the above resolution was an exhaustive attempt

to disprove the arguments of the manufacturers and wool growers for higher duties.

The tenor of their plea is quite well expressed in one of their prefatory sentences:

> If woolen manufacturers have had more than a common share of evils incident to all enterprises, may they not more justly be attributed to that sudden and enormous extension of business occasioned partly by former gains, but principally by the injudicious augmentation of duty in 1824, than by any want of sufficiently protecting duty?

STATUS OF THE INDUSTRY.

The paper is more valuable, however, for its exposition of conditions then obtaining. The business of the wool-manufacturing industry had increased from $10,000,000 in 1816 to $40,000,000 in 1827. The annual amount of wool imported was, roughly, about 1,500,000 or 2,000,000 pounds, valued at $569,476 in 1825 and $449,725 in 1826.

The number of sheep in the United States was estimated by Niles at 15,000,000 and by Pitkin at from 12,000,000 to 15,000,000, and the amount of wool yielded was presumed by the memorialists to be 37,500,000 pounds, which with 2,000,000 pounds imported made the total annual consumption about 40,000,000 pounds.

American producers of cloth contended that British manufacturers, with advantages of larger capital, more perfect machinery, lower prices of labor and materials, and greater experience and skill, could undersell them, notwithstanding average protective charges of 57 per cent. They asserted, moreover, that they had lost more by the increased duty on wool than they had gained by the augmented tariff on woolens. The committee of Boston merchants believed that if the former assertion were true the industry had best be at once abandoned as altogether unprofitable and impracticable of operation under any conditions, and believed that the country should give support only to those enterprises that were of such a hardy nature that they could spring up and attain stability of existence under the most adverse conditions.

OTHER ARGUMENTS AGAINST PROTECTION.

On January 3, 1828, sundry citizens of Richland District, S. C., protested against the proposed increase of tariff and questioned the constitutionality of such action. The citizens of Georgetown, S. C., had also sent a petition of protest to Congress, making especial reference to the increased cost of coarse woolens to result from the tariff, which formed the chief article of clothing for the negro slaves of the South. The latter memorialists stated that sales of domestic manufactured woolens in the fall of 1825 at Boston had produced 30 to 70 per cent upon capital invested and they believed that any further protection to the industry was entirely unwarrantable.

The New York Chamber of Commerce next besieged Congress with a petition of remonstrance on January 19, 1828, which was followed on January 21, 1828, by a memorial from seventy-odd citizens of Westborough, in Worcester County, Mass., chiefly farmers and landowners. In a memorial to Congress the latter stated "that the tariff of 1824 had been raised to a pitch affecting seriously agriculture and

foreign commerce and that any increase would not benefit the manufacturers and would be permanently disadvantageous to the agriculturists."

On January 22, 1828, a large number of merchants and others of Philadelphia convened at the Merchants' Coffee House and framed resolutions and a memorial in opposition to protection. They affirmed "that the tariff of 1824 was the result of a compromise and contained full, ample, and sufficient protection to the manufacturers of the country. It was confessed to be adequate and satisfactory, and further increase was deprecated and disavowed. But, nevertheless, in 1826 a demand was made for such duties upon one of the most essential articles of consumption in the country, namely, woolen goods, as would produce total interdiction of foreign importations." Other memorials objecting to an alteration of the existing tariff in the way of increased duties were presented by citizens of Maryland in February; by citizens of Thomaston and vicinity on February 1, and the citizens of Dutchess County, N. Y., on February 18.

EFFORTS OF THE PROTECTIONISTS.

The protectionists meanwhile had not been idle and deluged Congress with a vast amount of arguments in favor of a highly protective policy. Judging of the respective merits of these two classes of memorials, in a time so far removed as the present, it seems that the statements of the protectionists were in the main more intelligent, instructive, and convincing than those of their opponents, and in view of the popularity of that manner of controversy they must be accredited with considerable influence upon the subsequent result.

On November 26, 1827, four days prior to the convention at Boston, earlier noted, certain citizens of Albany, comprising farmers and manufacturers, inaugurated a formal appeal for further and more adequate protection than then obtaining. They believed that an increased duty on wool would tend to relieve the present embarrassments of the farmer and asserted their sympathy with the Harrisburg convention in its urgent appeal to Congress to extend "adequate protection and encouragement to the growing of wool, hemp, flax, and to woolens, iron, and other articles of domestic production and manufacture."

They explained that the law of 1824 had failed to afford that protection expected from its operation by means of countervailing measures on the part of the British Government, and that both wool grower and manufacturer had in consequence become seriously embarrassed for want of a fair market at home.

At a meeting of sundry citizens of Philadelphia, held a short while afterwards, a memorial was formulated praying that additional duties be imposed upon certain manufactured articles when imported, similar to the proposition of the Harrisburg convention.

On January 5, 1828, a number of farmers and manufacturers of the county of Kent, R. I., met at the inn of Oliver Johnson, in Centerville (Warwick), in the interests of protection. The substance of their deliberations was to the effect that "the growth and manufacture of wool have long been laboring under a depression and gradual depreciation which, without the further intervention of the General Government, must ultimately and speedily produce a total inability

on the part of the farmer to furnish his wool or the manufacturer his cloth in competition with the foreign article."

Shortly after this meeting the State of Rhode Island and Providence Plantations resolved in general assembly "that our delegation in Congress be requested to use all proper efforts to procure such increase of duties upon imports as may effectually afford protection to the production and manufacturing of wool, cotton, iron, hemp, and flax."

PENNSYLVANIA'S APPEAL.

The most important aid given the protectionist cause was probably through the resolutions and a memorial sent the Pennsylvania Representatives and Senators in Congress by the legislature of that State.

After instructing their Senators and requesting their Representatives to aid in procuring the establishment of additional protection, it was said—

> that experience having proved that the present tariff of the Government of the United States, while it has been productive of great and extensive benefits to the country, has yet been insufficient to render that protection to our domestic manufacturers and agricultural interests to which they are fairly entitled; these important branches of internal industry so closely connected that it may now be said the prosperity of the one depends upon the success of the other, are equally entitled to aid and encouragement. The best interests of our country demand that every possible exertion should be made to procure the passage of an act of Congress imposing such duties as will enable our manufacturers to enter into fair competition with foreign manufacturers and protect the farmer, the grower of hemp and wool, and the distiller of spirits from domestic materials against foreign competition. The people of Pennsylvania do not ask for such a tariff as would secure to any one class or any section of the country a monopoly. They want a system of protection which will extend its blessings as well as its burdens as equally as possibly over every part of the Union; to be uniform in its operation upon the rich as well as the poor.

This document was presented over the names of Abner Middleswarth, speaker of the house; Daniel Sturgeon, speaker of the Senate; and J. Andrew Shulze, governor of the State.

FURTHER PETITIONS FOR HIGHER DUTIES.

This was followed by a petition of similar purport from citizens of Northumberland County, Pa., which argued to the advantage principally of the farmer. It pointed out that—

> while the ports of Great Britain are closed against the agriculturist, annual importations of $20,000,000 from that nation in manufactures depress and ruin domestic industry and disable the mechanic and manufacturer of our country from growing up alongside of the farmer to consume his products. Liberal support by augmented duties establish immovably manufactures of wool, iron, flax, hemp, and printed cottons, and insure a reduction in prices for them and appreciated rates for the agriculturist.

Then the citizens of Herkimer County, N. Y., the woolgrowers and citizens of New York, petitioned severally for additional protection, as did also the manufacturers of Philadelphia and citizens of Pennsylvania. As it drew near the time for final congressional action the merchant tailors of Philadelphia, New York, and Boston sent separate appeals to Congress for increased duties upon ready-made clothing, and New York merchants asked for a clause in the proposed tariff bill that should cause to be levied upon public sales of goods at auction a duty of 10 per cent.

Wishing to be sure of their ground, the House of Representatives had directed the Committee of Commerce and Manufactures to examine representative manufacturers of wool, on their oath, as to the exact condition of the industry.

Fourteen owners and proprietors of woolen mills, consuming an aggregate amount of 716,559 pounds of wool annually, appeared before the committee and reported upon the conditions obtaining in their several manufactories.

X.

Some of the testimony given by witnesses called before the Committee of Commerce and Manufactures was as follows:

Col. James Shepherd, of the Shepherd Woolen Manufacturing Company, of Northampton, Mass., which was the most extensive woolen establishment in the country, testified that the company was capitalized at $130,000, manufactured broadcloths and cassimeres, and had lost about $30,000 in two years.

James Wolcott, jr., of the Wolcott Woolen Manufacturing Company, capitalized at $126,000, making broadcloths, stated that the stock had depreciated 50 per cent. In 1826 the company had lost $23,095, exclusive of interest on capital.

Benjamin Poor, of Saxon and Leicester factories, Worcester and Middlesex counties, Mass., with a capital of $150,000, sustained a loss up to July, 1827, of $26,394.

Jonas B. Brown, of the Goodall Manufacturing Company, of Millbury, Mass., which had a capital of $80,460, and was employed on broadcloths and satinets, reported that the manufacture of the latter was unprofitable.

Hon. A. Tufts, of the Tufts Manufacturing Company, of Dudley, Mass., began in 1824 with a capital of $40,000. He showed a loss of $5,000 in eighteen months, exclusive of interest.

Joshua Clapp, who had factories at Litchfield, Conn., and at Northampton, Mass., employed on broadcloths, lost, in 1825–26, $8,995, including commission, and in 1826–27, $3,895, notwithstanding that his rent was free.

THE NEW TARIFF.

These reports were accompanied by others from the Middle States, and the evidence of the unprofitable condition of the industry seemed sufficiently conclusive to warrant early congressional action for its relief.

On May 19, 1828, a tariff bill was enacted which provided for the following duties: On wool unmanufactured, 4 cents per pound, and also 40 per cent ad valorem until June 30, 1829; from that time an additional duty of 5 per cent annually until the whole of the said ad valorem duty should amount to 50 per cent; on manufactures of wool of the value of 50 cents or less per square yard, 40 per cent ad valorem of at least 50 cents per square yard until June 30, 1829, and afterwards 45 per cent ad valorem; provided that manufactures not exceeding a cost of 33⅓ cents per square yard should pay 14 cents per square yard. This duty of 40 per cent, to be increased in a year to 45 per cent, was also laid upon the minimum valuations of $1, $2.50, and $4 per square yard. Goods costing over $4 per square yard were to

be subjected to a 45 per cent ad valorem duty for a year, to be increased at the end of that time to 50 per cent ad valorem. On hosiery, woolen blankets, etc., the duty was fixed at 35 per cent and on ready-made clothing at 50 per cent ad valorem.

A PERIOD OF SUCCESSFUL MANUFACTURE FOLLOWED BY FAILURE (1828–1837).

The tariff of 1828 gave to the wool manufacturers of the country the most ample protection they had yet enjoyed. Its one drawback, from their own point of consideration, was the increased rate of duties laid upon raw wool, which made the production of cloth less profitable than it might otherwise have been.

Domestic flocks of sheep had increased quite rapidly in size, and yielded, moreover, a fair proportion of fine wool. Nevertheless, they did not afford sufficient quantities of the quality required for domestic consumption, and in 1828, and again in 1831 and 1832, American manufacturers resorted to the expedient of banding together and sending a buyer abroad for suitable supplies. On reaching this country the wool was offered to the subscribers at auction, each purchasing such amount as suited his needs and sharing the profit or loss on the whole transaction in proportion to his subscription.

Notwithstanding the difficulty experienced in obtaining their raw material, this was an exceptionally prosperous season for the manufacturers and they made the most of the advantages offered them. Between 1828 and 1832 there were few changes made in the wool trade of Boston. In the latter year there were, as two years previous, the wool houses of Livermore & Kendall, of James Vila, and of Joseph Vila. The former was probably the only concern doing business strictly as dealers, while the Vilas in their separate establishments were conducting a warehouse and a brokerage business.

LARGE AUCTION SALES.

Early in 1828 large sales of wool at auction took place in Boston. On March 14 Coolidge, Poor & Head sold at Fanueil Hall, under the direction of the New England Society, 50,000 pounds of full-blood merino, high-grade, and native wool. Immediately after the close of this sale, on the same day, the same auctioneers sold at No. 5 Phillips Building, 200 bales of Leonesa wool, 100 bales of Spanish lambs, 300 bales of Spanish wool, and 17,000 pounds of Saxony. This second sale completed, the crowd of purchasers then went to the auctioneering rooms of Whitewell, Bond & Co., at 3 Lindall street, where 144 bales of Spanish lambs were offered for sale.

In all, about 750 bales and 67,000 pounds of wool were sold at the three auctions at the following rates:

	Cents per pound.
Portuguese at	23½@ 30
Russia washed at	12½
Saxony at	39 @115
Spanish lambs at	40 @ 45
Spanish Leonesa at	50 @ 56
Half Saxony fleece at	51½
Full-blood at	45

The time allowed for credit on the purchases was four, six, and eight months.

The effect of these sales was to be seen in immediately lower prices, although the reduction was not extensive. Early in March, Saxony wool, clean, quoted at 50 cents to $1.50; Spanish, clean, at 40 cents; American full-blood, washed, at 45@55 cents; superfine, pulled, lambs, at 40@50 cents; and Smyrna, washed, at 16@19 cents. Following the sales, Saxony, clean, quoted at 50c.@$1.25; American full-blooded at 40@48 cents and superfine, pulled, at 40@45 cents.

Importers at this time were quite extensively interested in the sale of wool as a side venture, as were commission houses as well. On March 14, 1828, the day of the sale, Samuel F. Barry, of 61 Water street, offered for sale the following selection: 2,000 pounds of fine wool, 6,000 of Elme, 12,000 of Salonica, 8,000 of fine and coarse picked, 10,000 of washed Eastern wool, and 13,000 of fine fleeces. Barry dealt also in foreign and American teazles. John W. Langdon & Co., of 41 India street, in addition to dealing in fruits and wines, had for sale 100 bales of fine washed Smyrna, 50 bales of limed white and gray wool, and 50 bales of unwashed Smyrna. R. D. Tucker, of India wharf, also had wool for sale, and H. Lee, of 39 India wharf, announced that he had 30,000 pounds of Buenos Aires wool available for purchase.

SALES OF WOOL AND SHEEP.

On June 10, 1828, another extensive auction sale took place. This was conducted also by Coolidge, Poor & Head and was held at the hall over Faneuil Market. The offerings comprised 284 bales of Saxony of various grades, 350 bales of Leonesa, 70 bales of Spanish lambs, 100 bales of Spanish wool, and 50,000 pounds of American fleeces.

A month later, on July 10, 1828, the same auctioneers conducted a public sale, at Brighton, of a flock of Saxony sheep imported by George and Thomas Searle, who were well known in this line of business. The lot of sheep in question comprised 72 rams, 150 ewes, and 14 lambs.

In this same month Whitney, Cabot & Co., importers and commission merchants at 12 Central street, offered for sale the following selections:

	Bales.
Fine Saxony	37
Fine Smyrna	125
Western stapled	15
Selected full-blood fleeces	15
Flannel	60
Peruvian	375
Spanish wool, of choice marks	100

In January, 1831, wool sold freely on a basis of 60c.@$1 for Saxony clean, 60@65 cents for American full-blood, and 55@60 cents for lambs super. In this month William Whitney, of 41 Broad street, offered for sale 22,000 pounds of coarse wool, 1,400 Spanish, 300 Saxon lambs, and 4,500 fleece wool.

XI.

In 1831 the number of sheep in the United States was estimated at 20,000,000, which were worth on an average about $2 a head. The capital invested in sheep and lands to feed them was about $105,000,000. The fixed and floating capital invested in the woolen

manufacture was about $40,000,000. The number of persons employed in the industry was 162,000, requiring for materials and subsistence $250,000,000 worth of agricultural products yearly. New York probably produced one-fourth of all the wool in the United States, and Massachusetts manufactured one-fourth also. The quantity of wool imported into Boston in the first nine months of 1831 was 2,491,846 pounds, and the average of the two previous years was over 500,000 pounds. At this time, however, Philadelphia was probably the chief market for domestic wool, continuing so until the supremacy in the wool trade was wrested from her some score of years later by her rival in New England. During 1831 the price of fine wool in Boston ranged from 70 to 75 cents per pound, having advanced since 1727 from 36 to 43 cents per pound.

PROTESTS OF THE SOUTH.

The prosperity following the enactment of the highly protective tariff of 1828 was by no means limited to the wool industry. General business throughout the country was invigorated, while the revenues accruing from duties, averaging 41 per cent upon imports, speedily diminished the country's enormous debt. Yet the measure was continually provocative of jealousy and of controversy. Sections of the South sent to Congress messages of disapproval shortly after the bill became a law, and the fight in opposition to its enforcement was unceasing. South Carolina was the leading spirit in the struggle against national measures of protection and carried her opposition to the verge of secession from the Union.

The state legislature of Georgia also protested, in the latter part of 1828, against the act of Congress during its preceding session and referred to the agitated condition of the southern section of the country caused thereby. The legislators of Georgia stated that for the same reason "public tranquillity was endangered, the confidence of whole States in the Federal Government was weakened, and the affection of large masses of people for the Union itself was diminished." Early in the following year certain citizens of Boston became again recalcitrant and begged for a revision of the tariff regulations of 1828.

By 1831 the most ample provisions of the law, which provided for a yearly increase of rate of duties, were operative and were undoubtedly in certain instances of such exaggerated advantage to some as to be detrimental to other interests of the country. Indeed, the golden mean of protection was hardly struck in this tariff, especially in its culminating provisions, which possibly injured the policy in parts of the country by their excessiveness.

THE FREE TRADE CONVENTION.

Toward the latter part of this year, 1831, antitariff meetings were held in various States, and through these a general assembly was called to convene in Philadelphia on the 30th of September. This was known as the "Free Trade Convention" and comprised representatives from 15 States. After a conclave lasting about a week, a committee was chosen, consisting of one member from each State repre-

sented, to draw up in suitable form and to place before Congress the deliberation and conclusions of the convention. The memorial, prepared by Albert Gallatin and sent to Congress on January 23, 1832, presented the protests of the antitariff classes of the country against the then existing rate of duties upon imports and asked for a revision of the law.

It was suggested in the appeal "that the duties be so reduced as to leave, after the extinguishment of the public debt, only that amount of revenue which may be necessary to meet the ordinary exigencies of the Government," and "that, allowing a reasonable time for the reduction of the present exaggerated duties on some articles, the duties on all the imported articles, not free of duty, be equalized so that the duty on any such article shall not vary materially from the general average rate of all duties together, or, that is, from a uniform duty ad valorem on all imported articles subject to duty."

CONCLAVE OF THE PROTECTIONISTS.

On the 26th of October a similar convention was held at New York by the "Friends of Domestic Industry." Over 500 delegates attended the meeting from the New England and Middle States, Maryland, Virginia, Ohio, and the District of Columbia. The whole question of a protective system of tariffs in its application to the industries of the United States was reopened, exhaustively examined, and elucidated for the instruction of the people of the country. The most important branches of domestic manufacture and agricultural and commercial industries were looked into and reported upon by special committees. Their conclusions, reenforced by the strongest arguments for the support and further extension of the American system, as involved in the various pursuits of domestic industry, were forwarded to Congress, where they exerted a counterbalancing influence upon the efforts of the free traders of the country.

In compliance with the instructions of Congress the Secretary of the Treasury, in May, 1832, submitted a draft of a proposed revision of the tariff. By this the draft duty on manufactured wool was to be reduced from 4 cents and 50 per cent ad valorem per pound to 4 cents and 5 per cent ad valorem on wool costing less than 10 cents, and above, 20 per cent ad valorem. On woolen goods it was proposed to reduce the duty to 10 per cent where it amounted to 45 to 66 per cent; to 30 per cent where it was 45 to 112 per cent.

A bill prepared by the Senate proposed to leave the tariff on raw wool unchanged and to lay duties on woolens costing under 50 cents per square yard, of from 45 to 66 per cent, and above, from 45 to 225 per cent.

The revised tariff, as presented by the Secretary of the Treasury, was vigorously opposed throughout New England and the Middle States, and the bill which became law on July 14, 1832, was not less lenient in its measures than the treasurer's draft.

By this latter tariff it was provided that raw wool, costing less than 8 cents per pound (exclusive of dirt admixtures), should be admitted free of duty, and wool exceeding this cost should be subject to a duty of 4 cents and 40 per cent ad valorem. The duty upon manufactures of wool was fixed at 50 per cent.

THREATENED SECESSION.

It was hoped that the new tariff with its nominal revisions at least would serve to pacify the South in its fiery opposition to protection by tariff of any sort. But such proved not to be the case. South Carolina, relying upon the support of the other States of the South, in November of 1832 declared the tariffs of 1828 and of 1832 null, void, and not binding upon her officers and citizens. This ordinance of nullification was to have taken effect February 1, 1833, but the prompt action of the President in occupying Charleston Harbor with a naval force prevented its operation.

Although the attempt by South Carolina to evade the import tax was frustrated by President Jackson, this action led, nevertheless, to a compromise in the following year, when the protectionists sacrificed considerable of their own welfare to weld more firmly the interests of the several States.

The compromise tariff of 1833 provided for a duty upon raw wool costing over 8 cents per pound of 4 cents and 38 per cent ad valorem, which ad valorem duty was reduced yearly so that by 1842, the date of the next tariff, it amounted to about 26 per cent or 4 cents per pound and 20 per cent ad valorem. Eight cent wool and under was admitted free.

Woolen goods were subject to a duty of 44 per cent, which was reduced to 38 per cent in 1842 and 29 per cent on June 30, 1842.

The act of 1833 was not operative until 1834, nor were its measures of material effect until some years later. Thus for a period of several years wool manufacturers, in common with the promoters of other industries, flourished under quite adequate protection until the financial crisis of 1837, together with lessening duties on importations, encompassed the ruin of many establishments.

CHANGES IN THE WOOL TRADE.

The course of the wool market at Boston, during the year 1837, representing the conditions prevailing among the manufactories of New England and probably of the rest of the country as well, reflected dullness, depression, and ruin among mill owners in its own inactivity and decline.

During this period the personnel of the wool trade had been but slightly altered. One of the changes was shown in the following announcement made March 14, 1837: Denny & Dutton have this day associated with them, Mr. George Denny,[a] and will continue the commission business under the firm of Denny & Co. at 41 Kilby street.

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[a] Daniel Denny, the founder of the house of Denny, Rice & Co., was born in Leicester, Worcester County. He came to Boston in 1815 and commenced business in his own name in 1817 at No. 9 Cornhill. One year later he associated with him as partner Mr. Breck Parkman, of Westboro, Mass., which partnership was continued until 1823, when Mr. Daniel Denny bought out his partner, the firm continuing under the style of Daniel Denny & Co. Ten years later a copartnership was formed with George D. Dutton as commission merchants under the firm name of Denny & Dutton. In 1837 George Denny, a brother of Daniel, was admitted into the house, which continued under the firm name of Denny & Co. until 1840. Up to this time the business of the firm had been chiefly in woolen goods as jobbers and commission merchants.

In 1840 Danniel Denny, Henry A. Rice, and Henry J. Gardner formed a copartnership under the name of Denny, Rice & Gardner as commission merchants for the sale of wool and woolen goods. In 1853 Mr. George P. Denny was

By 1837 the prices of both domestic and foreign wool had risen to a very high level. On April 1 of this year the following prices were quoted in the Boston market:

DOMESTIC.

	Cents.
Saxony and merino fleece	75@ 80
Full blood	65@ 70
Three-quarter blood	60@ 62
One-half blood	55@ 58
Common one-quarter blood	50@ 55
Lambs, super	65@ 70

FOREIGN.

Saxony, prime	85@130
New South Wales	70@ 78
Buenos Ayres	8½@ 10

At this time operations in wool were limited, and in spite of the fact that the stock of wool from the preceeding domestic clip was nearly exhausted, prices lacked buoyancy.

On April 5, 1837, Richards & Bispham, auctioneers, held a pre-emptory sale of wool at 34 South Front street, Philadelphia. The offerings, comprising 2,500 bales of Barbary unwashed white sheeps' wool, had been imported by Samuel Moss & Sons, of 3 Grey's alley.

A STAGNANT INDUSTRY.

A month later the market at Boston had become stagnant. By the 1st of May the sale of wool was completely suspended and prices had no basis upon which to determine their fluctuations. There was but the narrowest market for woolen goods and manufacturers could only dispose of their products at a sacrifice. Factories were not well employed and many had ceased operations. The stock of domestic wool in the market was light, but on the other hand considerable of the last clip was yet in the hands of the growers. Through May and June the market continued absolutely quiet, with no transactions of importance whatever. Early in June inquiries were made for wool at prices showing a decline of about 20 per cent from the last sales, but no business was done.

Wool was then subject to an import duty of 4 cents and 40 per cent ad valorem. During July the market remained practically dead, with no sales of any consequence being made. At the same time from one-third to one-half of all the woolen manufacture was suspended. The market was so absolutely void of business that quotations were no guide whatever to prices.

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admitted partner, and the style of Denny, Rice & Gardner was continued until 1857.

In 1855 Mr. Gardner was elected governor of the Commonwealth and retired from the firm in 1857, when the style of the firm was changed to Denny, Rice & Co., which has since remained the same. William G. Benedict was admitted partner in 1866 and Henry A. Rice, jr., in 1879. Mr. Daniel Denny died in 1872 and George P. Denny in 1885. Since 1871 the business of the firm has been confined to wool exclusively. Henry A. Rice died early this year. The present partnership consists of William G. Benedict, Henry A. Rice, jr., and George W. Benedict.

RAPID DECLINE OF PRICES.

In the latter part of August some sales of Smyrna wool were made, but other foreign and American wool was still in no demand at acceptable prices. But little of the year's clip of wool had been brought to the market, "there being no sale for it, except at a great reduction on the previous clip." During the week preceeding September 2, a sale of 100 bales of South American fine picked wool was made at 15 cents. The time of credit allowed on this purchase was six months. American wool was not called for and remained almost entirely in growers' hands. By the 1st of October domestic wool had come into better demand and sales, although light, were yet sufficient to render prices more settled. On October 7, 1837, the following quotations of domestic wool were given:

	Cents.
Saxony and merino fleeces	60@62
Full blood	52@55
Three-quarter blood	50
One-half blood	45
Common one-quarter blood	37@40
Lambs, super	45

Foreign prices were nominal and unquotable.

The wide difference in prices shown by a comparison of this table with that of April 1, given above, in view also of an almost complete suspension of trade in wool for upward of six months, gives a forceful proof of the terrible havoc wrought in the industry by the financial and commercial panic of that year of 1837. Toward the close of October prices weakened still further and the giving way of sellers encouraged a little more business. During this same month a considerable quantity of foreign wool was sold and manufacturers purchased wool to some extent directly from the farmers in the country.

At the close of the year domestic Saxony wool had fallen to 55@57 cents, and full blood to 48@50 cents. Foreign wool was dull and manufacturers were buying American wool slowly as needed.

XII.

CONTROVERSY AND COMPROMISE.

The conditions attendant upon the financial panic of 1837 occasioned several changes in the Boston wool trade of that period. The firm of Livermore & Kendall was dissolved in the latter part of 1837, and in the following year Isaac Livermore associated with him his son George, the firm being then known as I. Livermore & Co., doing business at 97 Milk street. Hugh R. Kendall retained, however, the old place of business at Quincy Hall, and conducted a commission business alone.

The same causes also precipitated the dissolution of the auctioneering and commission house of Whitwell, Bond & Co., after which Whitwell and Seaver continued the business of the old firm, while George Bond associated with him his sons George William Bond, who had been admitted to partnership in the house of Whitwell, Bond & Co. in 1832, and Charles R. Bond. The new firm was known as George Bond & Sons, and had offices at 9 Kilby street.

In 1842 the wool trade comprised Hugh R. Kendall, 47 Kilby street; I. Livermore & Co., James Vila, 1 Bath street; Shadrach S. Pearce, 43 Pearce street, who had abandoned the occupation of a musician to engage in that of wool selling, and Thomas B. Townsend & Son, 53 Chatham street.

An estimate of the number of sheep in the United States was made in 1836 by C. Benton and S. F. Barry, after canvassing the flocks of the country and compiling all official data obtainable from the States. This estimate can not, of course, be considered accurate, but it is at least an approximate report upon the flocks of the country and their distribution, and in the absence of other more accurate data must stand for the statistics of the period. The total number of sheep was given in this report as 12,897,638, producing 41,917,324 pounds of wool, which was valued at $21,168,246. New York had the largest flock, numbering 4,299,879 and growing 13,974,606 pounds of wool. Next came Pennsylvania with 1,714,640 sheep, Ohio with 1,711,200, and Massachusetts with 1,099,011 sheep, the latter yielding annually 3,500,000 pounds of wool.

GOVERNMENT STATISTICS.

In 1840 the United States Department of Agriculture estimated the number of sheep in the country to be 19,311,000, yielding 35,802,114 pounds of wool. The census of this year was very chary of facts relating either to wool growing or the manufacturing industry, giving but the merest outline of the condition prevailing. The number of wool manufacturing establishments was not given, but the capital invested was placed at $15,765,124, the hands employed at 21,342, and the value of the products at $20,696,999.

The commerce of the United States had been subjected to violent and disastrous changes during the half dozen years following 1833. Immediately prior to 1837 the country was dominated by a craze of speculation, bolstered up by the free circulation of negotiable money under the false condition of the currency. Values were, consequently, fictitious but the soundest financiers and business men were misled in their judgment and were involved in the seductions of the speculative maelstrom. Therefore, when the currency bubble was pricked in 1837 the consequent disaster was general to all business enterprises and the shock to the commercial life of the country was severe.

The public debt had been extinguished finally by the duties accruing from the excessive importations of 1836, and with the settlement of this national obligation the surplus revenue was divided among the States. But the conditions which brought about the suspension of importations in the following year deprived the Government of its revenue and reduced it to the obligation of issuing Treasury notes to offset current exigencies.

EVASIONS OF THE TARIFF.

Through several successive years the revenue from the tariff ill-balanced the economical expenditures of the Government and was rendered yet smaller by the fraudulent evasions of tariffs by foreign exporters of goods to this country. The attention of Congress was

forcibly called to this matter at the close of the year 1839 by a memorial of manufacturers who met in December at Southbridge, Mass.

Their grievances were presented in the following form:

> Your memorialists respectfully represent that they have for many years been engaged in the manufacture of wool, having entered upon the business believing that it would be safe and permanent and relying upon the faithful execution of the tariff laws. But while these laws have been carried into full effect with regard to the importations of raw material, thereby keeping up the prices of wool in particular, very much above the prices paid by foreign manufacturers, manufactured goods have been coming to this country in large quantities invoiced at much less than their cost or value, thereby evading the laws and placing the American manufacturer upon worse grounds than if no tariff existed.
>
> This has been done almost all if not entirely by foreigners, who have been thereby enabled to undersell the honest American importer; and this has increased in a few years to such an extent as to drive from the importation of woolens nearly all the American importers, and it is now estimated that seven-eighths of all the woolens imported come into the country on foreign account. But your memorialists will leave the American importers to speak for themselves, and respectfully represent that these frauds on the revenue, and consequently extreme low prices of woolens, have ruined many and forced all to stop their mills wholly or in part, until at the present time less than one-half of the woolen machinery in the country is in operation, causing much distress among the operatives as well as among the owners.

The memorial concluded with an appeal to Congress to institute the proper measures to guard against the evasions of tariff laws, and was signed by Samuel L. Fiske, agent of the Hamilton Woolen Company, and 134 others.

CLAY'S COMPROMISE TARIFF.

The "compromise tariff" of 1833, was framed by Henry Clay to meet the demands of the moment and primarily to place a quietus upon the rebellious citizens of the Southern States, particularly of South Carolina. Almost every section of the country, prior to 1865, intimated or threatened secession from the Union for what was considered to be discriminating legislation by the Federal Government. New England herself at least incurred the suspicion of this intention, but a few of the Southern States were even more violent in their demonstrations. Thus when the tariff of 1833 removed all cause for complaint from the South, even at the sacrifice of certain northern interests the measure was provocative of general relief. It was hoped by many that it would settle for good and all time the much-debated question of revenue from imports and that its final regulation of the tariff (to be operative in 1842) would be of permanent effect. Indeed, its construction was believed by not a few to be "constitutional" and any attempts to alter its laws to be violation of the bonds of federation.

The conditions prevailing in agriculture, manufactures, and commerce during and subsequent to the panic of 1837 served, however, to reopen the tariff question. The act of 1833 provided for a yearly decreasing rate of duty, and by 1840 the tariff was so much reduced that the question of revenue for the Government's current expenses was involved as well as the necessity for securing the resumption of protective rates in order to stimulate the again helpless manufacturing industry.

THE HOME LEAGUE.

On October 15, 1841, a home league was formed in the interests of protection. The avowed object of the league was the restoration of the high rates of duties, and its members were indefatigable in their advocacy of their cause. In Congress the home league found ready partisans, chief among whom was Henry Clay, who had been accused of turning his back upon protection when he formulated his compromise tariff of eight years before.

Early in 1842 the state legislatures took up the question and urged a revision of the tariff laws. On February 11 of this same year the State of New Jersey, in general assembly, passed resolutions instructing its Senators and Representatives in Congress "to use their utmost exertions to secure a tariff to protect more amply the agricultural and manufacturing interests of the State and of the United States."

The disposition shown by Congress to let the matter of a tariff wait action was freely condemned throughout the North and East, but congressional action was considerably impeded by the strength of the strict constructionists and the controversy between the Whigs and the President.

The wool manufacturing industry was by this time in a rather deplorable condition. The market for goods was exceedingly limited. Many mills were closed and their operatives thrown out of employment. Others were but lightly employed and the few goods that were finished brought meager profits to their producers.

CONNECTICUT'S APPEAL.

On June 10 the legislature of Connecticut formulated resolutions strongly advocating a discriminative tariff. The argument in these papers was direct and forcible.

> While we yield [it said] to the principles of an act of Congress passed on the 2d day of March, 1833, and generally known as the "compromise tariff," in limiting the duties on imports to such an amount of revenue as may be necessary to an economical administration of the Government, including, of course, ample provision for the defense of the country, yet we hold to the right and duty of Congress so to discriminate in the distribution of those duties over the list of imports, as may render the most efficient encouragement and protection to American industry, whether employed in the factory, the workshop, the field, or upon the ocean.

It was further resolved that—

> the inaction of Congress on the subject of a tariff merits and receives our decided disapprobation. We did expect that an exhausted Treasury, forced loans, desolated manufactories, unemployed operatives, and doubtful and gloomy prospects before us all, would have furnished sufficient incentives to arouse every American citizen to speedy and effective action.

THE TARIFF OF 1842.

During the summer of 1842 a tariff bill was brought up in Congress and was passed by both Houses, which had as a rider a provision for the distribution of the surplus among the States. The measure was condemned by the President and received his veto. The bill was again passed by Congress, this time with the objectionable clause

struck out, and was signed by the President on August 30, passing immediately into effect.

The new tariff was designed for purposes of revenue only, although manufacturers managed to secure some advantages under its meager protection. Raw wool costing less than 7 cents per pound at the place from whence exported was dutiable at 5 per cent ad valorem, and wool costing more than 7 cents per pound incurred when imported a duty of 3 cents and 30 per cent ad valorem. Manufactures of wool were subject to a uniform duty of 40 per cent. This tariff inaugurated the payment of duties in cash on the home valuation, thereby abolishing the credit system after the withdrawal of goods by importers.

The subsequent recovery to at least normal condition by the manufacturers was slow. The new tariff did not furnish incentive to induce them to make free production in advance of the market's demands, and it was some time before woolen machinery was again in full operation. The revision in tariff duties was really to manufacturers' advantage, and in comparison with the compromise tariff of 1833 in the latter years of its operation, the new laws were of great benefit to the industry.

The protectionists of the country and the strict constructionists (hardly distinguishable classes) were, however, opposed to even a semblance of protection and very shortly took up the fight again.

Through the instrumentality of the free traders and the strict constructionists a revised tariff bill was introduced into Congress in 1844, favoring a reduced tariff, but was defeated.

On account of this bill and the prominent opposition to protection which it reflected, the State of Pennsylvania took action in the defense of the existing tariff. The resolutions passed and submitted to Congress were as follows:

Whereas the present tariff promises to answer the purposes of revenue and also to yield to American industry the encouragement necessary to the development of the great resources of our country; whereas permanency in our revenue laws is indispensably necessary to the protection of the capital and labor embarked in manufacturing and agricultural operations; and whereas a bill is now pending in the Congress of the United States, whose operation would affect injuriously the important staple productions of this Commonwealth: Therefore

Resolved by the senate and house of representatives of the Commonwealth of Pennsylvania in general assembly met, That our Senators in Congress be instructed and our Representatives be requested to oppose any change in the present tariff which might prove injurious to the manufacturing interests of this Commonwealth, sternly to resist any reduction in the present duties on iron, coal, and wool, and to omit no effort to sustain all the great interests of the nation calculated to foster and promote American industry.

XIII.

In 1846 the subject of a tariff was reopened with a vigor that promised an early revision of its measures. The question was taken up as a strictly party measure and its provisions were formulated to meet the doctrine of the strict constructionists, namely, the regulations of duties for revenue only, placing all merchandise, as far as practicable, under a uniform rate of import duty without material discrimination, the chief point being that the duty should be as low as would be sufficient only to meet the Government's regular expenditures.

On the approach of summer, with the new tariff pending in Congress, the trade in wool slackened and prices became slightly lower. On June 1 interest seemed somewhat revived, but only temporarily.

The tariff of 1846 was passed on the 30th of July and the reduction in duties effectually stopped an active trade in wool. This tariff provided for a 30 per cent ad valorem duty upon wool of all descriptions and upon most manufactures of wool. It also inaugurated the warehouse and the independent treasury systems. The former provided that duties should be paid in cash, and that goods might be deposited in the public stores, subject to the order of the owner, for one year, upon the payment of duties; that goods in bond might be transported to any other port of entry, and made other provisions designed to facilitate the operations of commerce. The independent treasury system provided for the collection of duties in gold and silver only.

INJURIES FROM INJUDICIOUS TARIFFS, 1846–1857.

One of the most notable and disastrous effects of the tariff of 1846 was the temporary destruction of fine cloth manufacture and therefore fine wool growing. This was brought about by discriminating influences. A uniform ad valorem duty of 30 per cent was levied upon wools of all descriptions, while the reduction of duties upon cloths brought about a condition where fine broadcloth could not be produced in this country at a price anywhere near the cost of imported goods. The duty on wool more than offset the duty upon goods, and where home-grown wool would not fully supply the demands of home consumption, this particular branch of the industry was naturally forced into idleness by the foreign goods which overran the American markets.

At the time the law of 1846 was passed there were about 1,800 looms in the country employed in the manufacture of broadcloth. Of these almost all were included in New England factories. Upon the enactment of the new tariff foreign mills began to send fine broadcloths into the United States in large quantities, which after paying the duty greatly undersold those of American production. Presently all of the 1,800 looms went out of operation or were employed on inferior grades of goods and the demand for fine Saxony wool ceased. On the other hand the manufactures of the common domestic wool were unaffected by the unequal tariff and responded to the peculiar commercial conditions of the period.

A PERNICIOUS POLICY.

The tariff of 1846 stood for the free-trade policy. It was put into operation mainly through the efforts of the representatives of the cotton-growing States of the South, who believed that a system of universal free trade was most advantageous to their interests. This tariff reduced the rates to the lowest point subsequent to the tariff of 1824, and, all in all, was one of the most pernicious policies put into practice in the history of the country.

In the first place, in its semblance of a tariff for revenue only—that is, to meet the expenditures of the Government without extending discriminating protection—it scored signal failure. At the end of

the eleven years of its operation the public debt of the country had increased from $15,550,200 to $44,911,811.03; the expenditures during the eleven years having exceeded the revenue by $21,791,805, notwithstanding conditions that greatly stimulated the foreign and domestic commerce of the country.

Two great influences were at work during this period, which, if further assisted by equitable tariff measures might have rendered the time one of almost unprecedented prosperity to the United States. Peace was made with the Mexicans in February, 1848. In the latter part of the following year the gold discoveries in the far West took place and stimulated internal commerce to an extraordinary degree. At the same time the failure of the crops in Europe created a demand for our agricultural products of a food nature, and with exportations of gold largely increased our export and import trade. Along with the enhanced profit in agricultural pursuits domestic manufactures, whose growth was not impeded by the revisions in the tariff laws, were stimulated also and their operation was attended by uniform success.

BUSINESS CHANGES.

During these last few years there had been several changes in the Boston wool trade of a nature that clearly reflected its expansion and the increased opportunities it afforded for successful commercial operations. Bush & Wildes, who had formed a partnership in the wool business in 1846, had retired two years later. W. D. Coolidge, a commission merchant, took up wool selling in 1847, as did also Reed, Hurd & Co., which latter firm included William Hilton. Steele, Dexter & Co. became in 1847 Steele, Anderson & Stanfield, and in 1848 dissolved partnership, retiring from the wool business. The only other changes in 1847 were the retirement of John Stearns in the latter part of the year, and the entrance into the trade of William Capen, a boot, shoe, and leather dealer, who returned to his last after two years' experience in wool, and the admission of James Vila, jr., into partnership with his father, the pioneer handler of wool in Boston.

In 1850 the wool trade of Boston comprised 15 distinct houses. George William Bond had, on the death of his father, George Bond, in 1842, continued the commission business with his brother, Charles R. Bond, until 1846. In this year he associated with him in the same business Edward Wyman and P. Arklay. In 1848 Mr. Bond entered alone upon the almost untried business of wool brokerage of 78 State street, and in 1850 was established at 55 Kilby street. Clark, Brigham & Co., at 4 Chatham street, were also commission merchants who had become interested in wool. W. D. Coolidge was this year at 34 Pearl street, and Davis & Aubin at 85 State street. Aaron Erickson had entered the wool trade in 1847. In 1849 he took George Treadwell into partnership, and in 1850 they were doing business at 54 Pearl street. The house of Reed, Hurd & Co. was dissolved in 1847. The next year and in 1850 William Hilton was engaged in the wool business alone, Jeremiah Hurd had taken Luke K. Bowers into partnership on the dismemberment of the old firm, and Lyman Reed continued the business with Lucius Reed.

In 1850 William Hilton was at 97½ State street; Hurd, Bowers & Birchard at 33 Broad street and 114 State street, and Lyman Reed & Co. at 29 Broad street. Hugh R. Kendall was this year at 61 Water street and the house of G. & E. M. Livermore at 36 Pearl street. Josiah Perham, jr., in 1849 was at 4 Liberty square, Benjamin C. Sewall having taken Perham's father's place in the firm in 1848 and retired the year following. In the latter part of 1849 Perham dropped the wool business to become proprietor of the "Seven Mile Mirror."

In 1850 C. S. Fowle, who had earlier been with Samuel G. Thorn in the hardware business, came into the trade at 97½ State street. Shadrach S. Pearce had retired from business in 1848. Proctor, Rice & Co., Moody S. Proctor and Franklin and Freeman Rice, formerly goods merchants, assumed wool interests in 1848. In 1849 Proctor retired to become proprietor of the Marlboro Hotel at 229 Washington street, and in 1850 the house of F. & F. Rice was at 118 State street. T. B. Townsend & Son, who were perhaps the most prominent dealers of that period, were still at 23 Central street. James Vila & Co. were at 1 Bath street; and William Whitney & Co., James M. Howe having been admitted into partnership in the latter part of 1848, were at 13 Liberty square.

THE VOLUME OF TRADE.

The volume of the wool trade at Boston, and by comparison that of the whole country, are shown by the following table of imports. The quantity of domestic wool showed a steady decrease for several years subsequent to the enactment of the tariff of 1846. The effect of the gold discoveries upon general commerce in 1849, stimulating the manufacturing industry, is reflected in the rapidly increased imports of home-grown wools. The imports of foreign wools show considerable yearly fluctuation, corresponding in the main to the varying quantities of domestic wools.

The table, presenting comparisons for the year of the tariff and six years ensuing, is as follows:

Imports into Boston.

Year.	Domestic.	Foreign.	
	Bales.	Bales.	Quintals.
1846	24,272	7,253	17,091
1847	19,618	4,759	26,630
1848	17,698	17,707	11,425
1849	23,808	14,815	6,000
1850	26,247	18,174	11,631
1851	28,535	26,656	17,856
1852	30,336	12,249	19,026

The tariff of 1846 favored wool growing more than any other branch of the industry, yet if such was its design, it was unsuccessful even in this measure. The raw wool of the country may be placed behind a protective barrier that will admit no competitor. But if the manufacture is not equally secured and is permitted to become sub-

ject to the enervation of foreign competition, then wool itself is not fully protected, since with the lessened operation of the manufactories the market for the raw material becomes restricted and the result is the same as if both wool and goods were admitted free. Indeed, an unequal tariff is dangerous to the industry, and unless its provisions are so drawn as to supply the same proportionate protection to wool manufacture as to wool growing, soon both will reach the condition first threatened the one.

It was injudiciously assumed in the tariff of 1846 that the same ad valorem rate upon wool unmanufactured and cloths would exert equal protection upon both. But such, for apparently obvious reasons, did not prove to be correct.

EFFECT OF THE TARIFF.

The price of wool in the United States very shortly rose to a point commensurate with the protection of a 30 per cent duty. And when this increased cost of the raw material was added to the other expenses to manufacture it was found that the 30 per cent duty upon imported goods had been so nearly balanced that certain qualities of goods of domestic production were entirely superseded by the influx of lower-priced foreign articles of wear. The prices of wool were sustained by the comparatively light supply available and the maintenance of certain classes of wool manufacture, assisted further by the peculiar commercial conditions of that day.

Yet the margin of profit for all manufacturers of wool was small. After eleven years of hard competition, of beggarly returns, and in instances of absolute ruin, they succeeded in securing a tariff which served to remove the glove from one hand only to place it upon the other.

In recent years some of the older manufacturers are wont to refer to the tariff of 1857 as the most favorable of the early tariffs under which they labored. In comparison with the preceding bill it was undoubtedly of especial benefit to them; but disturbed by the financial panic of that year and the succeeding months of depression and disquiet and with the cloud of rebellion breaking over the country, commercial conditions were not such as to give the best expositions of the act's merits or demerits.

THE PANIC OF 1857. 1857—1858.

The year of 1857 marked a turning point in the wool-manufacturing industry. Prior to that time it had risen to a certain point in the scale of national industrial importance, which was not particularly eminent. It supplied one-half the country's wants in certain periods, and in time of war it even achieved greater prominence, but beyond this point it did not appear capable of progressing. It was in turn fostered and hampered by judicious and futile tariffs. Manufactories abroad from the first of the century were practically twenty-five years advanced in development over domestic productive plants, and, although the gap was gradually being lessened, American factories were too lightly capitalized or were too susceptible to the exer-changing conditions of commerce to make such rapid progress as the possibilities of the industry afforded.

In 1857 occurred the severest financial and commercial convulsion that this country had ever experienced. In this disaster many wool-manufacturing enterprises perished in common with the numerous fatalities in other lines of industry and commerce. But from the chaotic conditions of ruin the industry emerged more sound in character, more practical in operation, and better able to extend its facilities to meet the demand which the country held for it.

The panic of 1857, while swift in its devastation, was not immediately engendered. It marked a periodical prostration in business which recurs in this country on an invariable cycle of about a score of years. The events and conditions which led up to this crash and made it possible were in some instances quite remote in origin from its actual ensuance.

XIV.

The tariff of 1846 was undoubtedly a factor of importance in regulating the country's commerce in such manner as to establish a condition of unbalanced foreign trade. This tariff instituted an obnoxious form of the ad valorem duties, which were unequal in their operation. Moreover, the low rates of customs upon many articles of merchandise stimulated importations to an excessive degree, not only injuring domestic industries in need of protection, but creating an enormous balance of trade against our merchants. Thus the value of importations into the United States had increased in 1857, as compared with 1845, $243,636,000. This tariff had been framed largely in the interests of American cotton handlers, who fallaciously held that such a condition of domestic commerce would militate to their greatest advantage. The enormous volume of commerce coming to the United States through the operation during eleven years of the tariff of 1846 was in part offset in 1847 and a few years subsequent by the great demand for American breadstuffs, created by the famine in Ireland and the want in continental Europe.

EFFECT OF GOLD DISCOVERIES.

The great discoveries of gold in California and in Australia about the middle of the century stimulated the commerce of the world to an unprecedented extent, which was further augmented by the exploitation of the vast deposits of guano in the Chincha Islands at a time when agriculture abroad and in this country was in especial need of such fertilization. Through these agencies the commerce and carrying trade, particularly of America, were wonderfully increased. At once the style and capacity of our ships were changed, and shipbuilding was pursued on an extensive scale. From 1846 to 1856 the tonnage of vessels sailing under our flag increased 2,309,567 tons, or nearly 92 per cent.

Our close commercial alliance with Great Britain gained us an enormous traffic between our own ports and British colonies and in the India and China carrying trade to Europe as well as to America. Our participation in this commerce was the means also for greatly increasing importations into our own country. Vessels landing large and profitable cargoes brought from Atlantic ports to San Francisco, sailed thence to the waters of the Far East, touching at Manila and

at Chinese and Indian ports. Many had embarked in this traffic, and the competition which was early awakened reduced freights to so low a point that merchants engaged in the trade of the Far East were induced to send goods to this country in much larger quantities than the actual market demand warranted.

The rush to the California gold fields, which rapidly populated that territory, deprived the East of large numbers of its workmen and raised the price of labor all over the country. The influx of gold changed, moreover, the existing values of all sorts of property and encouraged the expansion of bank loans and issues and the extension of individual credit. This tendency naturally induced a spirit of speculation and overtrading which raised prices of all commodities to an untenable plane. Moreover, the war in the Crimea offered an additional stimulus to commercial activity, demanding also a large amount of tonnage for transports, which, employing chiefly English ships, diverted to American vessels trade from India and China to Great Britain. The financial condition of England and France were considerably disturbed by the withdrawal of extensive sums of money and of productive labor from the usual channels of commerce to carry on the war, and through our intimate relations with these countries our own finance was affected by the same causes.

The high prices commanded by the staple products of our own country and by imported merchandise necessitated a larger capital than formerly in their manipulation. This was especially true in the case of cottons, where this difficulty was augmented by successively short crops, an unduly stimulated condition of manufacturing interests, and the employment of an excessive number of spindles. There was also, just prior to 1857, an especially light production of sugar in Louisiana, which induced extensive importations and created a further balance of trade against us.

THE CREDIT SYSTEM.

The chief factor of disturbing influence upon our national finance was, perhaps, an extensive abuse of the credit system. This was noticeable in commerce by the withdrawal of vast sums of money in railroad and similar enterprises and the creation of an enormous floating debt, maintained often at high rates of interest and constituting an important item in our foreign debt which included the balance of trade against our merchants and the investment of foreign capital in American securities. Manufacturing enterprises were, moreover, being conducted on an inadequate capital, absorbing large sums of money by purchasing extensive supplies of raw material in advance of productive needs (thereby furnishing speculators with capital to trade on the turn of prices—to the manufacturers' disadvantage) and selling goods on unnecessarily long credits.

The banking system was a further menace to credits. Banks were endowed by the Government with the right to issue a paper currency based on specie deposits and intended to be convertible into specie. Acting under the stimulus to nearly all branches of commerce and industry then prominently in evidence, banks generally carried their loans far too high and overissued notes on small specie deposits. When the first stricture in finance became evident, the system of "demand" loans, then shortly in vogue, precipitated financial stress,

which early induced the suspension of specie payment. The shock which followed affected not only American and European cities, but extended as well to China and to India. It was soon followed in this country by large accumulations of moneyed capital and specie deposits, excess of tonnage, suspension of manufacturing establishments, a surfeit of unsalable merchandise, rapid decline in the price of labor, and emigration from East to West.

The wool market during 1856 and 1857 was in considerable measure dominated by the conditions prevailing in the general commerce of the country. Wool manufacture under the tariff of 1846 was profitable only to the extent that the stimulated condition of trade was able to offset the adverse conditions created by the tariff in the domestic goods market. Fine wool manufacture had received a setback and there had followed in consequence a diminution in the flocks of fine fleece-bearing sheep. There had been speculation in wool as in other commodities, and prices were not always obedient to the strength of the immediate demand. The financial crisis had not been precipitated until the latter part of 1857, so that during this time speculation and overtrading were at their height.

SPECULATION IN IMPORTATIONS.

Importations from foreign sources comprised practically one-half of the country's production of goods, and by that year accumulations were being made in storehouses, handlers trading on the turn of prices and for future wants regardless of the present danger of surfeit. Although manufacturers were too lightly capitalized to carry on their extensive operations under normal conditions of trade, they had become accustomed to purchasing their raw material in advance of their needs, borrowing large sums at current high rates of interest to conduct this part of their operations, and were used also to dispose of their goods at long dating, often six to eight months, and even for a longer period of credit. Their financial balances were, therefore, not frequently adjusted, and overtrading was easily accomplished.

The light supply of wool at the beginning of the year 1856 enhanced wool values and induced a steady advance in price on stock held in the local market. Speculative buying was somewhat in evidence, prices advancing from the first of the year to April about 5 cents per pound. A slight reaction followed as wool began to be sent in from the country, and some few manufacturers, pinched by competition and already fearing difficulties in the discouraging prospects, placed their stocks upon the market for resale. There was, however, little unmanufactured old stock on hand, and most manufacturers, who saw the only exit from their difficulties in continuing their operations, went into the country and bought direct from the growers, at the current high prices.

With high prices established in the growing sections dealers were promised little obvious profit, and in consequence less wool than usual came forward to the eastern markets for sale early in the season. Soon, however, an apparent short supply, with rising prices, encouraged merchants to bring forward the bulk of the clip and by the close of the year an average supply was on hand, consisting in

the local market of about 900,000 pounds of fleeces and 300,000 pounds of pulled wool. The clip for the year was small, owing to a severe winter and extensive slaughter.

The clip of 1850 was estimated by the Department of Agriculture at a little over 52,000,000 pounds. It was this year privately reckoned at about 45,000,000 pounds. Fleeces were in light supply outside of the markets, amounting altogether to about 6,000,000 pounds, while pulled wool was in less quantity than in the preceding year. It was feared, therefore, that a scarcity would be experienced unless the importations of clothing wool would prove sufficient for domestic wants.

A SPECULATIVE ERA.

The spirit of speculation appeared to have struck all places and all commodities. Orders sent to Buenos Ayres for wool developed the fact that nearly the whole clip had been contracted for at high prices, principally for French and Belgian markets. Furthermore, the high prices which prevailed in European markets probably restricted importations here from other sources. The importations of foreign compared with the two years preceding 1857, stocks at Boston were

	1853.	1854.	1855.	1856.
	Pounds.	*Pounds.*	*Pounds.*	*Pounds.*
England	1,973,890	1,031,879	325,529	41,395
Buenos Ayres	2,950,297	3,903,936	970,810	1,883,125
Turkey in Asia	4,013,340	3,951,544	2,963,798	2,505,590
Peru and Chile	2,564,561	2,533,609	2,402,601	3,211,467
All others	2,849,553	1,977,535	2,583,258	784,230
Total Boston	14,351,641	13,398,503	7,245,996	8,425,807
New York	12,878,536	10,011,840	4,790,802	.....

This table shows an increase in the importations of 1856 over those of 1855 of about 1,200,000 pounds, but a decrease from 1854 of nearly 5,000,000 pounds, from 1853 of about 6,000,000 pounds, and from the average of three years preceding and including 1855 of about 4,000,000 pounds. The stock on hand on January 1, 1857, was very low. As compared with the two years preceding, 1857 stocks at Boston were as follows:

	January, 1855.		January, 1856.		January, 1857.	
	Bales.	Pounds.	Bales.	Pounds.	Bales.	Pounds.
Smyrna, Donskoi, etc	9,050	3,500,000	4,530	1,750,000	1,557	580,000
Buenos Ayres	2,120	1,500,000	393	270,000	213	140,000
Valparaiso, Chile, Peruvian, East Indian, Africa, Cape	6,194	2,200,000	3,580	1,380,000	531	420,000
Total Boston	17,364	7,200,000	8,503	3,400,000	2,301	1,140,000
New York	.....	.....	7,504	.....	2,271	.....

It will be seen by this showing that there was a marked decrease in the stock of foreign as well as of domestic wool. This lessened supply, yet serving to meet current demands, reflected a material falling off in the consumption of wool and consequently in the domestic

manufacture of goods. Importations of foreign manufactures were, on the other hand, increasing rapidly, proving the incapacity of the tariff of 1846 to afford protection either to wool growing or to wool manufacture. The annual average consumption of wool for some years previous to 1856 was figured at about 81,000,000 pounds. For 1856 it was estimated to be considerably less; thus, stock on hand January 1, 1856, domestic and foreign, amounted to 16,000,000 pounds; clip of 1856, about 45,000,000; pulled during the year, 8,000,000; and importations, 14,000,000; a total of 83,000,000 pounds less. Stock of all kinds on hand January 1, 1857, 10,000,000, showing net available offerings for consumption during 1856 of 73,000,000 pounds.

The first half of the year 1857 was dominated by the expected tariff changes, the latter by the panic. Under the tariff of 1857 wool costing less than 20 cents per pound was to be admitted free of duty; Thibet, Angora, etc., costing over 20 cents, at 15 per cent ad valorem; and all other wools costing over 20 cents per pound, at 24 per cent ad valorem. In consequence of the pending tariff, which promised to render foreign markets available to American purchasers, prices of wool abroad at once rose, in the markets of production, far beyond the duty, and in some cases above the cost value of wool in the consumptive markets of Europe.

In this country importers held their wool in bond to await the reduction in duty, and immediately available stocks commanded, therefore, higher prices. Buying of foreign woolen goods was stimulated by the expected reduction in duty (from 30 to 24 per cent ad valorem), and the warehouses soon became stocked with goods waiting the advent of the lower duty before entering our markets. In view of this fact, it was expected that lower prices would rule for goods after the 1st of July, when the new tariff was to go into operation.

XV.

With high prices for wool and with discouraging prospects in the goods market many manufacturers greatly reduced their production, thereby avoiding a possible shortage in the supply of raw material.

Despite the first rise in wool values, it was expected that prices must ultimately decline in sympathy with the falling off in the price of goods. This was true when the first purchases were made in the country at a decline from the high prices of the spring, but, on account of bare stocks and need for wool, manufacturers were obliged to go into the country, where their purchases soon started a spirit of speculation which prevailed with rising prices during the latter part of July and August until the financial crisis and the attendant widespread disaster in commercial circles completely deprived the market of its strength.

No division of commercial or manufacturing industry was more susceptible to the changes which ensued than that of wool manufacture. Stocks of goods of domestic production and imported were in large supply in the markets, while manufacturers had just purchased their wool at the high prices induced by speculation. Further than this, warehouses were loaded with foreign woolens. Manufacturers were invariably running under an altogether inadequate capitalization. When the crash ensued, many of the most prominent

corporations failed, while others were badly crippled and obliged either to suspend temporarily or to curtail their production. As a consequence, trade in wool was practically suspended from the middle of September to the close of the year, prices declining from 25 to 33⅓ per cent in most cases, and in some instances even more.

The tariff, which had been framed to the expected advantage of the manufacturer and only indirectly for the benefit of the woolgrower, had thus far alone benefited the latter. This was made possible by the peculiar conditions then prevailing and particularly by the speculative activity in the wool induced by light stocks, small available offerings, and the apparent necessity of manufacturers to obtain their wool as early as possible.

The tariff of 1857 was the result of wisdom drawn from many disastrous experiences. A low duty was placed on wool to enable domestic manufacturers to obtain their raw material at as small cost and in as desirable and extensive selection as did foreign makers of goods. With a reduced cost in production manufacturers were expected soon to command more than one-half of home markets for their goods, and with an increased consumption of their products the need for wool should expand and become more stable in volume, thereby affording the domestic growers a better and more extensive market.

The importations of foreign wool into Boston during 1857 were as follows:

	Pounds.
England	1,488,987
Buenos Ayres	4,720,063
Turkey in Asia	572,114
Peru and Chile	1,408,863
All others	1,993,465
Total	10,183,492

The stocks in the local market at the close of the year were about 900,000 pounds of fleeces. Total stocks in the markets and in the country made available for sale about 10,000,000 pounds of domestic wools. The table of imports shows an increase over the preceding year of nearly 2,000,000 pounds, due almost wholly to the tariff reduction. In the total imports to the United States there were included over 3,000,000 pounds from England, as compared with about 300,000 the year previous. However, of this quantity about two-thirds were returned and there was further reexported enough of other wools to balance these figures for the two years.

From Buenos Ayres the imports to this country were not materially increased, owing to the high prices which prevailed in that market and the earlier sales of wool to foreign purchasers. The imports from Turkey were larger than ever before, being more than double the quantity for 1856. The imports from Russia were not large, as the wool trade with that country was then in its infancy. Imports of Cape of Good Hope wools were gradually increasing and the quality of the wool was becoming more popular.

RECOVERY FROM COMMERCIAL UPHEAVAL—1858–1864.

In the year 1858 there was a recovery from the commercial upheaval from the preceding fall. In the wool-manufacturing industry the strain had been especially severe, reducing many establishments

to a temporary suspension of their operation and greatly restricting the production of all. The year opened with a light available supply of wool in the local market. Manufacturers were very gradually rising from the ruin by which they had been encompassed, and the demand for the raw material took on strength very slowly.

Notwithstanding a restricted use of the staple in the early months of the year, the stock was yet so limited that prices gradually strengthened and advanced from the low level to which they had plunged in the panic's maelstrom. The rise, however, was not material until reports came to this country of a marked advance in the London auction sales of July and August, even in the face of the comparatively large offerings of 80,000 bales.

From this time on values steadily enhanced as the increased resumption of production emphasized more clearly the scarcity of wool. At the close of the year prices stood fully 50 per cent higher than at its beginning. By that time a large proportion of the factories which were forced into idleness by the panic had either resumed operations or were being prepared for an active employment of their machinery.

By the beginning of 1859 manufacturers were but just recovering from the effects of the crisis and were putting their machinery generally in operation. The stock of wools with which to begin the year's production was unusually limited and prices were correspondingly high. It was now the first time that manufacturers began to feel the influence of the tariff, unhampered by an excited condition of the country's finance and commerce. The tariff of 1857, as has been noted, laid a duty of 24 per cent ad valorem upon all wools costing over 20 cents per pound in the markets of their exportation, with the exception of Angora, Thibet, etc., upon which the duty was 15 per cent. All wools costing less than 20 were included in the list providing free entry. Thus a great abundance of fine wools began to be brought into the country by manufacturers in their unwashed, greasy state, since washed or scoured wools would be subjected to the maximum rate of duty.

In contradistinction to the tariff of 1846 the later tariff stimulated fine-wool manufacture, and, indeed, worked to the great advantage of the whole wool industry.

The prices of fine wool, which had risen to a very high level, were maintained throughout the year by the steady demand for these qualities. On the other hand, the prices of low grades of wool declined about 10 per cent during the twelve months. This latter result was brought about by very free importations, both of wool of this quality and of goods manufactured from like grades. There were very large stocks of medium and coarse wools in European markets, obtainable at less than current prices in the markets of their production and so much less than in this country that large quantities were purchased for importation here.

Under the ability of obtaining fine foreign wool, unwashed, at a comparatively low cost, domestic manufacturers found themselves able to supply home wants ahead of their foreign competitors. During the year the importations of duffets, kerseymeres, etc., made principally from fine wools, were about one-half as much as in 1857 and only a little more than in 1858. On the other hand, the importa-

tions of mixed stuffs, flannels, blankets, and carpets, in the manufacture of which wools of medium grades were mostly used, were about 50 per cent more than in either of two years preceding. At this time the clips of California and Texas were just coming into prominence, the former amounting to nearly 3,000,000 pounds.

The imports of wool in 1859 into the local market were the largest up to that year. The increase was mainly in fine, unwashed, burry wools from Buenos Aires and the Cape of Good Hope. Wools commonly imported from England, France, Spain, and the East Indies were mostly of low and medium grades. The fine, unwashed wool, to cost less than 20 cents in port of embarkation, were frequently burry and very heavy, shrinking as high as 80 per cent before coming to the cards. The importations of carpet wools were in 1859 less than in any year since 1852, and perhaps earlier than that. The stock at the close of the year was smaller than for five years preceding, and the new year was begun with more machinery in operation than for several seasons back, yet prices were no higher than in the year previous and but little above the average of the two past years. The imports of wool into Boston for 1858 and 1859 were as follows:

	1858.	1859.
	Pounds.	*Pounds.*
England	1,162,808	1,971,852
Buenos Aires	1,643,857	3,620,167
Turkey	2,011,792	2,881,283
Cape	1,984,372	4,454,590
Peru and Chile	3,578,446	2,833,641
France	22,053	1,056,695
All others	147,521	1,359,150
Total, Boston	10,550,849	18,177,378
Total, New York	6,987,189	19,697,025

Boston was rapidly coming into prominence as one of the chief markets for the distribution of the raw material. From its position in the center of the chief manufacturing section of the country it early eclipsed its rivals in the wool trade in New York and Pennsylvania. The following table presents a comparison between the number and size of the manufactories located in New England and in New York State. It will be seen that there were then in the New England States 447 plants having 2,074 sets.

	Maine.	New Hampshire.	Vermont.	Massachusetts.	Connecticut.	Rhode Island.	New York.
Satinets	9	3	22	165	112	33	30
Cassimeres	28	40	44	285	95	82	103
Cotton warp cloth, carpet	.....	.....	.....	82	.....	.....	31
Stocking yarn and hosiery	6	12	6	30	74	.....	33
Worsted and woolen yarn	.....	10	.....	76	.....	8	.....
Flannels and blankets	408	81	11	185	19	.....	33
Delaine	.....	58	.....	67	.....	.....	.....
Carpets	.....	2	.....	62	70	.....	74
Cashmeretts	.....	4	.....	5	.....	.....	.....
Shawls	.....	.....	.....	10	.....	7	26
Felting	.....	.....	.....	14	30	.....	.....
Negro cloths and jeans	.....	.....	.....	.....	.....	53	.....
Linseys, domets	.....	.....	.....	.....	.....	42	.....
Sundries	8	18	39	18	9	.....	148
Number of sets	91	228	122	999	409	225	468
Number of establishments	32	56	56	154	93	56	208

Notwithstanding the increased imports during 1859, they were hardly sufficient to meet the demand for consumption. Low and medium wools remained comparatively dull and heavy, while the activity in fine foreign wools depleted the available supply and obliged manufacturers to go into the country for more wool in the new clip season in 1860. There a keen buying competition forced prices above the level which had ruled in the growing section in the preceding year, and even higher than those current in the eastern markets.

There was, however, little demand for the finest grades of domestic wools, as these were especially suited for use in the manufacture of spring goods, upon which manufacturers usually changed in September or October. The fine foreign wools were best adapted for heavy goods, with which some grades of domestics were mixed. In 1860 there was an exceptionally good demand for heavy woolens in winter styles, and assured of an extensive sale of these goods, most manufacturers had not changed their looms to the production of light weights, when, in the middle of November, the political crisis restricted all business operations. The goods market was thus suddenly changed from greatest activity into almost a panic, and the mills, holding large stocks of wool, of the kind that had been used during the greater part of the year, not wishing to increase their obligations, continued almost without exception on the manufacture of the heavy goods. Low and medium grade domestic wools were in better demand throughout the year, while similar qualities of foreign wools were increasing in demand, when general business was stopped. The California clip had increased during the past year. These wools had heretofore been brought chiefly to New York, but a direct packet line between San Francisco and Boston had now been established by Glidden & Williams, by which much of the wool was being brought to the local market.

As the political crisis became more clearly assured of a tempestuous outbreak, business of all kinds was pursued on the most economical and conservative basis. Interests were frequently neglected, and when the war cloud finally burst trade everywhere became stagnant. The first recovery was made, naturally, by those industries upon whose product the necessities of the war were dependent. The demand for army clothing started the whole productive facilities of the North into active operation. Woolen mills were taxed to their utmost capacity, and the necessity for producing the goods demanded, in large supply and at little loss of time, induced some manufacturers of cottons, particularly in Pennsylvania, to convert their plants into woolen mills.

XVI.

Most of the machinery in the country was run overtime, sometimes day and night, and often on Sundays. For this reason there were more woolen goods produced for government purposes during the last three months of 1861 than had ever been manufactured during the same time for the whole country's needs. Such activity in the manufacture of army clothing brought into requisition the country's whole available supply of wool that was suited for this use. With the rapid depletion of these grades, low and medium, of home growth, prices showed an equally rapid advance, which, from 27 and 33 cents in

August, rose to 50 and 55 cents in October, maintaining this level until the close of the year.

Fine wools had remained on a rather low basis during the greater part of the year. In the fall, purchases were made of these qualities for speculative purposes, and prices strengthened accordingly. There was, at the time, no actual consumptive demand for the finer grades of domestic wool, as the class of goods upon which all the machinery in the country was employed used nothing but the coarser grades. Yet buyers had confidence in the future appreciation of the better grades, while the current low prices offered tempting bargains for investment. Prices of these wools consequently advanced in response to a speculative demand, but notwithstanding the higher level to which the value of fine qualities rose, coarse wools for the first and only time in our history commanded an actually higher price than was obtainable for fine grades.

ARMY SUPPLIES.

The market during the year of 1862 was far from tranquil. By the first of the year all the demands of the Government for army supplies had been met, being the more quickly satisfied because the capacity of domestic mills had been underrated and orders for clothing in quantity had been sent abroad to supplement home manufactured stock. When the Government found that the goods were actually coming faster than they could be cared for, contracts were canceled as far as practicable, and what had grown to be an exceedingly profitable business was suddenly withdrawn. This caused something of a panic among manufacturers and destroyed the market for the coarse wools, which had been changing hands at increasingly high prices. With a sudden check to consumption of coarse wools prices showed a material decline, but by this time stock had been well depleted and the new clip season opened with light supplies carried over. Thus some manufacturers went into the country, where they competed with others, induced thither by the depreciation of the currency. Brisk buying very soon ran prices up to as high a plane as they had yet reached, while values were still further enhanced by the appreciation of gold.

During the fiscal year ending June 30, 1862, the Government purchased 24,000,000 yards of substitutes for kerseys, requiring for their manufacture not less than 30,000,000 pounds of wool. In addition to this there were bought 1,458,808 blankets, requiring about 13,000,000 pounds of wool, while other miscellaneous articles of clothing for government purposes demanded about 7,000,000 pounds, making the entire consumption of the army about 50,000,000 pounds. A certain proportion of these goods were imported from abroad, but the stocks drawn from this source that were put into use did not detract materially from the share of domestic mills in the total production.

The wool business in the local market had never been more prosperous than during that of 1862. The quantity of domestic grown wool brought to the market for sale exceeded that for any previous year. Moreover, the business had been conducted on a profit-making basis. The active demand for wool suitable for army clothing—upon

the manufacture of which all the machinery of the country was employed—made sales easy and influenced rising prices. Consequently several new ventures were made in the trade, increasing the number of houses. Furthermore, the trade began to draw closer together, attracted to a recognized center that was most accessible to buyers.

ACCESSIONS TO THE TRADE.

Among the new firms that were to be found in the trade at the beginning of 1863 were Albert Day, at 28 Central street; Aaron Erickson, at 174 Congress street, who had returned to the wool business after a few years' absence; Harding Brothers & Co., at 67 Federal street; J. & G. McBride & Co., at 57 Water street, who were brokers; William S. Sturtevant, at Sturtevant's Wharf; and O. L. Ferry, at 174 Congress street. The firm of Tyler & Ryley had been dissolved in 1862, each resuming business at once with other partners. Ryley took into partnership A. Platt and R. O. Strong, the firm being known as George W. Ryley & Co., having offices at 104 Federal street, while Tyler associated with him John McInnis and Henry Faulkner, the firm being known as Tyler, McInnis & Co., doing a brokerage business in wool at 122 Congress street. The wool trade was then gathered in the district bordered by the streets now known as Federal, High, Congress, and Pearl. One or two were yet on Kilby street, and James Vila still had his offices at 1 Bath street. A number had warehouses or branch offices on Sister street, which corresponded with Leather Square of to-day.

The imports of foreign wool into Boston during 1862 were considerably above the average, while those into New York were far in excess of the average quantity, a portion of which was, however, brought in on Boston account. The total imports into the United States were estimated at 60,000,000 pounds, but as the largest portion of the wools was in an unwashed state, this amount was probably equivalent to 40,000,000 pounds of domestic wool.

At the opening of 1863 the woolen manufacturers of the country, having surfeited the market for government supplies, turned their machinery onto regular production for the first time in a year and a half. Under the circumstances there was afforded an excellent market for goods suitable for general distribution, and full employment of machinery created an excellent demand for all descriptions of wool. Fine qualities, which had occupied the unique position of commanding lower prices than coarse, strengthened. The available supply of raw material then employed by the mills was limited, and with the constantly rising gold premium wool values enhanced correspondingly. Fine foreign wool rose in price as high as 90 cents. This naturally induced a speculative spirit abroad, but the greatest activity in speculation was at home, where a depreciating currency invested holdings with enhanced value. Owing to the strong statistical position of wool, future supplies were expected to command extravagant prices. The movement thus inaugurated was in great measure responsible for the shortly ensuing tariff bill of 1864 with its exorbitantly high rate of duty on raw wools.

THE SPIRIT OF SPECULATION.

Early in the season of 1863 speculators went into the woolgrowing section of the country and contracted for the clip on the sheep's back at prices that would amount, when the wool was marketed, to nearly $1 per pound. During the month of March gold quite unexpectedly dropped from 71 to 39 premium, and with this fall the price of wool declined. The chief slump in wool values was in foreign stock, of which accumulations were large, while the immediately available supplies of domestic wool were small, and it was apparent that the early purchasers in the country and the growers who had not yet disposed of their wool would hold for higher prices.

With some fluctuations gold declined until the middle of July, about the time the new wool was customarily received, when it rose to 23 premium. At this level, at the average price of former years, it would make wool worth, in the growers' hands, about 50 and 53 cents. Farmers and the speculators absolutely refused this price, so that manufacturers were obliged to load up with fine foreign stocks. By the middle of October farmers became in need of realizing their holdings, and encouraged by the further rise in gold, and the needs of delaine manufacturers, a brisk trade was awakened which absorbed practically the whole of the clip. However, on account of the lateness of the season and obstacles to transportation, only a small amount of wool actually came forward and was put into consumption, and with large foreign stocks available as well, the supply for the coming season was unusually heavy, foreboding weakening prices.

The woolen manufacturers of the country did not resume the production of regular goods until about a year and a half after the tariff of 1861 went into operation, so that in this time the tariff actually exerted little material influence upon the industry. Toward the close of 1862, however, with the resumption of the customary lines of production, manufacturers experienced the benefits which the tariff was planned to create. During the period from July, 1862, to the close of the year of 1863, it was estimated that 1,000 sets of woolen machinery were added to the productive power of the North.

THE INDUSTRY BOOMING.

With the beginning of the year 1864 a large class of farmers, merchants, and speculators found themselves with an extensive supply of raw wool on their hands, which had been bought or carried at a high cost. To relieve themselves of this burden an extravagantly high tariff was agitated. On the 8th of April a report by the Committee on Manufactures, recommending extreme rates of duty, induced manufacturers to buy stock at current rates, thus relieving first holders of extensive losses. A large quantity of wool changed hands at no material rise in prices until on June 30 the tariff bill of 1864, embodying the anticipated high imposts, became a law. When the clip had been sold in the preceding fall prices averaged about 75 and 80 cents in the country, which reduced to the current value of gold was equal to about 30 and 40 cents. It was at these prices that manufacturers had supplied themselves, but merchants, in expectation of an advance from the tariff equal to 10 cents per pound,

bought blindly, and prices advanced to about $1 per pound without regard to quality or condition.

The utmost speculative activity prevailed, buoyed up solely by assumed values of wool, and the year closed with the industry risen to unusual prestige. Much money was expended in establishing new plants or increasing old manufactories, while investments were being made in machinery for the production of worsted goods, of which more than 50,000,000 yards were annually imported from Great Britain alone.

The tariff of 1864 established the following rates on wool: Of the value of 12 cents or less, 3 cents per pound; over 12 cents and not over 24 cents, 6 cents per pound; over 24 cents and not over 32 cents, 10 cents per pound and 10 per cent ad valorem; over 32 cents, 12 cents per pound and 10 per cent ad valorem; scoured, treble the amount of duty. Sheepskins with wool on, 20 per cent.

EFFECT OF THE CIVIL WAR, 1865–1870.

The civil war formed an epoch in the wool industry as well as in the political history of the country and in other commercial and industrial pursuits. It gave rise to a peculiar trade and to a unique condition of business. Toward the close of the war results which naturally followed the presence of an abnormal situation were more clearly developed, but the movement inaugurated did not reach a turning point until some time after the cessation of hostilities.

During the first half of 1865, the last year of conflict, the wool trade progressed on much the same line as had been followed during the immediately preceding year or two. The employment of all the machinery of the country during the first year and a half of the war upon army clothing made from coarse wools, left a market for fine cloths for civilian wear that the ensuing year had hardly satisfied. Fine cassimeres and other fabrics of similar grade met with ready sale throughout the year of 1865 at very profitable prices owing to a demand of unusual strength. Thus the value of fine domestic and foreign wools was enhanced, prices ruling very steady during the entire year and on a somewhat higher level than in 1864. The declining premium of gold naturally rendered manufacturers rather cautious in their purchases, but the average gold price of their fleece for 1865 was 5.23 cents higher than in 1864, and of Cape wool 2.09 cents higher than in the preceding year.

The following table shows for 1864 and 1865 the value of Ohio fleece and Cape wool for currency and gold. The figures designated by an asterisk show the highest and lowest prices in each year.

VALUE OF OHIO FLEECE.

	1864.		1865.	
	Currency.	Gold.	Currency.	Gold.
January	81.40	*52.51	*105.00	*48.80
March	*75.40	46.25	99.00	*56.90
April	81.20	46.93	75.00	50.69
July	106.00	*40.92	*71.00	50.00
August	*115.20	45.17	74.00	51.75
October	91.00	43.96	76.00	52.06
December	105.40	46.02	74.00	52.06

VALUE OF CAPE WOOL.

	1864.		1865.	
	Currency.	Gold.	Currency.	Gold.
January	42.22	27.24	*55.00	25.34
March	*39.75	24.32	44.40	25.58
April	43.87	25.41	*37.23	*25.16
July	61.52	23.75	37.36	26.17
August	59.83	*23.45	37.90	26.50
October	50.00	24.15	42.25	*29.00
December	*62.65	*27.37	38.75	26.54

XVII.

The profitable market for fine cloths in the early part of 1865 not only stimulated domestic production to a marked degree, but encouraged as well importations from foreign source. Notwithstanding the high tariff upon woolen goods, first importations yielded good profits, inducing large shipments to this country, which, added to domestic products, produced by the close of the year an unwieldly and dangerous accumulation of stock.

The advent of peace in early 1865 destroyed the market for military supplies and at once there were thrown upon the regular markets quantities of heavy flannels, blankets, and coarse woolens which the makers were obliged to sell at but little over their cost of production. This produced a heavy and dull market for similar goods and the price of coarse wools declined rapidly, while at the close of the year there was little demand for such wools even at greatly reduced quotations.

In like manner the importations of wool into the United States showed a marked decrease in volume, having fallen off from 1864 about one-third. During 1865 there had been a very satisfactory advance made in the manufacture of what were then known as worsted goods, such as braids, alpacas, coat facings, and the like. In the preceding year there had been extensive investments in machinery suitable for this manufacture. The wool was obtained almost entirely from Canada, which under the reciprocity treaty found free entrance into this country.

The unusual stimulus given the manufacture and importation of woolens in the early part of the civil war eventually caused a surfeit in the market. The same cause gave an impulse to speculation, and when goods crowded the market to overflowing they stood at a very high level of prices, while the cost of wool was in the same way raised to an extreme plane. The tariff of 1864 owed its high rates of duties in great measure to the efforts of farmers, speculators, and merchants to save themselves from the inevitable ruin which the continuance of the current tariff would have permitted. On the passage of the tariff of 1864 the holders of wool and goods disposed of their stock at the high prices then current, taking little if any loss and in some instances profit. The goods were in great part assimilated and the ensuance of an unusually active demand for fine cloths again started manufacture and importing in full force. By the end of the year 1865, despite the extreme tariff then in force, a plethora of goods was

again experienced and a second recourse was made to that delicate and dangerous, if abused, vehicle of American industrial prosperity, the tariff.

TARIFF TINKERING.

In early 1866 another tariff bill, embodying even higher rates of duties, was drawn up and introduced into Congress, having excellent prospects of passing at once. The year had opened with a fairly active market for goods and wool, and prices were even higher, ranging for currency from 52 cents for low-grade Western to 85 cents for picklock. In March there was a decline in prices of from 5 to 10 per cent, but at the reduction wool was bought very freely, in three months, May to June, inclusive, 12,000,000 pounds changing hands. The new clip opened high in the West, in anticipation of the early passage of the tariff. Contrary to general expectations, however, the enactment of this pending bill was deferred, constituting a heavy blow to dealers and speculators who had been trading on the opposite assumption.

In place of the looked-for advance it was found impossible to dispose of wool from July to the close of the year except at constantly reduced terms, and by December sales were made at prices from 10@20 cents lower than were current during the earlier half of the year.

In 1867 the tariff bill was again taken up and on March 2 became a law. There was, indeed, great need of the largest possible returns from importations to go into the national treasury, but this can hardly account for the extreme schedule on wool and woolens, which amounted nearly to prohibition of entry. The duties on wool were as follows: Clothing and combing costing 32 cents or less, 10 cents per pound and 11 per cent ad valorem; over 32 cents, 12 cents per pound and 10 per cent ad valorem. Carpet wools, 12 cents or less, 3 cents per pound; over 12 cents, 6 cents per pound. All classes of scoured wool, treble the amount of duty.

A FLICKERING FLURRY.

Soon after the passage of the tariff there was a little increased demand, especially for foreign wool, at a slight advance in prices, but this flurry was only of short duration and the market became dull and heavy.

The civil war brought to the industrial classes of the North a most unusual condition of affairs. Accompanying the destruction and devastation in the Southwest were activity and prosperity in Northern industries. An extensive market was created for army supplies, engendering widespread employment of machinery in their production. When the goods were finished, further quantities were soon demanded; then a portion of the early supplies were destroyed and others were needed in their place. The South was swept practically bare of its industries, and its capital was all absorbed, but for the northern manufactories, a market was no sooner filled and surfeited than it was cleaned and made ready for more. The day of reckoning, of paying for what had been consumed had not yet come around. It was, however, expected in 1867. The Union was burdened with an enormous debt, and when peace had been finally established the taxpayers in all classes of industry and commerce began to regulate their business to meet the impending drafts upon their capital.

The tariff of 1867 was high, but it did not at once serve to relieve the industry in the manner contemplated. It had, however, the effect of restricting importation in a marked degree, but notwithstanding this aid and protection the industry was forced to suffer the natural reaction from the preceding season of overtrading.

MANUFACTURERS MEET.

The liberal importations of wool in anticipation of the passage of a higher tariff bill and the continued employment of machinery produced by the commencement of 1868 an accumulation of woolen goods. The market was surfeited and heavy, and manufacturers not only found it difficult to dispose of their goods except at reductions, but were also unable in many instances to effect sales at all. Alarmed at the serious prospects before them, manufacturers of wool met in convention in the early part of the year to agree upon an arrangement by which production should be curtailed one-fourth.

Notwithstanding the general assimilation of wool and the presence of only about an average supply, the industry remained in an unsatisfactory condition throughout the greater part of 1868. The market showed a continued downward tendency until the early fall, when the inception of a better demand of a special nature brought some improvement into the situation, and by the close of the year prices were about on the same level as at the beginning. The fashion then in vogue of wearing, in common business use, coarse cloth very similar to the Scotch cheviot goods, created a stronger demand for the lower grades of domestic wools, and, owing to the small supply, raised prices to nearly the same level as was obtainable for the finer qualities.

Traceable to the influence of the high tariff of 1867 was the construction of additional woolen mills, especially in the West, but in spite of the increased capacity for consumption and a restricted foreign competition in wools, prices were so low and the prospects of wool growing were consequently so discouraging, that farmers slaughtered their flocks quite extensively.

In 1866 the imports of foreign wools into Boston amounted to 20,027,958 and into New York to 36,066,176. Thus in two years, owing to the enactment of a high tariff and a depressed condition of the industry, the imports into the local market had decreased in volume about one-half.

The importations into Boston for 1867 and 1868 were as follows:

	1867.	1868.
	Pounds.	*Pounds.*
England	651,813	1,117,373
Buenos Aires	6,521,681	2,530,818
Turkey	2,180,655	2,351,991
Cape of Good Hope	913,557	818,751
Peru and Chile	2,202,970	2,440,173
All others	205,204	1,119,685
Total	12,675,880	10,378,791
New York	19,853,369	13,456,635

In 1869 the condition of general business had improved in accordance with the improvement in the money market. Moreover, the de-

cision by Congress in February of the preceding year to postpone the contemplated adjustment of the national financial status had removed what had been a restricting influence upon commerce, and trading assumed its customary proportions and activity. Nevertheless, the wool industry continued under a cloud, particularly manufacture and the goods market.

Throughout 1869 and 1870 the trade in woolens was very unsatisfactory and was attended with little profit. But these two years marked a period in which the market threw off many of its depressing influences and righted itself for a temporary return to a more prosperous condition. At the opening of the clip season in 1869 low prices were expected on account of the depression in manufacture and the apathy of the goods market. Yet when the first of the new clip was ready for the market the keen competition shown by buyers in securing the combing fleece of Kentucky and Missouri advanced prices about 5 cents per pound and extended a similar influence upon the clothing wools that came to the market later. This advance was entirely unwarranted by the condition of the goods market and resulted in a steady decline to the close of the year. The importations of foreign wool showed, indeed, a marked increase in 1869, but the greater part of the wool brought into the country was of the lower grades.

FAILURES AND DEPRESSION.

Toward the close of 1869 there were several failures among wool manufacturers, and during the greater part of the following year the industry had not recovered from its depression. In 1870 the production of foreign wool showed a great falling off, due to the extensive slaughter of sheep for mutton purposes. In the latter part of 1870 the depleted stock of foreign wool and the light supply of domestic wools led to expectations of some advance in prices, but on the other hand the production of goods was restricted, and the only scarcity perceptible in the supply of raw materials was perhaps in medium grades and in combing fleeces, which received the bulk of the light demand.

The Franco-Prussian war, commencing in July of 1870, restricted the demand for fine wools in Europe, resulting in an accumulation of these qualities especially in the markets of the Continent. Prices of fine wool had by this time fallen to a low level throughout the world, but the decline had been greatest in Europe for the reasons noted. On account of large supplies abroad and the low level prices current our dealers and manufacturers were enabled to import wool thence advantageously in spite of the high tariff in force under the act of 1867.

Furthermore, the stocks of manufactured goods, which had surfeited domestic markets for the past half dozen years or so, were by that time fairly well distributed, so that the year 1870 closed with favorable conditions obtaining in the market for raw materials as well as in woolen goods.

IMPORTATIONS.

The importations of foreign wool into the local market for 1869 and 1870 were as follows:

	1869.	1870.
	Pounds.	*Pounds.*
England	4,231,283	2,037,030
Buenos Aires	7,183,963	5,255,562
Turkey	3,086,547	1,804,123
Cape of Good Hope	1,781,066	3,142,537
Peru and Chile	2,158,602	1,565,824
All others	1,513,071	1,416,071
Total	19,954,532	15,221,147
New York	21,570,430	12,460,290

The clip of the United States for 1870 amounted to 163,000,000 pounds, as compared with 162,250,000 in 1869 and 60,000,000 in 1860.

On the 1st of June, 1860, the number of woolen establishments in the United States was 1,260, representing a capital of $30,862,654. The consumption of raw material included 83,608,468 pounds of wool and 15,200,061 pounds of cotton, employing 3,209 sets of machinery, costing with all other materials, $36,586,887. The industry gave employment to 24,841 male and 16,519 female hands, and the annual wages amounted to $9,808,254. The aggregate value of the products was $61,895,217, in which was represented the value of 124,897,862 yards of cloth, 6,401,206 pounds of yarn, 296,874 pairs of blankets, etc.

MACHINERY AND LABOR EMPLOYED.

In New England there were 398 establishments, of which the aggregate capital was $18,753,453, employing 14,840 males and 10,743 females, whose wages amounted to $6,144,847. The mills in the East were of larger size than elsewhere in the country, employing 1,664 sets of machinery, or more than 50 per cent of the total number in use in the country. The consumption of wool in the New England mills amounted to 57,819,930 pounds and of cotton 9,835,078 pounds. The cost of the raw material was $24,912,617. The production of woolens amounted in value to $40,668,498, an increase of 62 per cent upon the production of the same States in 1850.

Massachusetts was the largest and most prominent manufacturing State in the Union, having 134 establishments at a total capitalization of $8,993,953, or an average of $67,118 to each mill. In the mills of Massachusetts there were employed 821 sets of machinery, consuming annually 33,516,797 pounds of wool and 4,855,370 pounds of cotton, an average to each set of 40,824 pounds of wool and 5,914 pounds of cotton. The total annual production comprised 34,899,348 yards of cloth, 2,160,071 pounds of yarn, 57,207 pairs of blankets, and 157,000 shawls. The value of these products amounted to $19,655,787, an increase of $687,427, or 53.78 per cent over 1850.

In 1870 there were in the United States 1,891 woolen establishments, an increase in ten years of 1,631 plants, or 129.44 per cent. In these mills there were in use 8,366 sets of cards, consuming annually 17,571,929 pounds of cotton, 154,767,895 pounds of domestic and

17,311,824 pounds of foreign wool, and 19,372,062 pounds of shoddy. The total capitalization amounted to $98,824,531. There were 80,053 hands employed and the cost of wages was $26,877,575, which, with raw materials, made the total cost of production $96,432,601. There were produced annually 2,000,439 pairs of blankets, 58,550 pairs of horse blankets, 261,208 yards of beavers, 63,340,612 yards of cloth, cassimeres, and doeskins, 1,941,865 yards of felted cloth, 1,932,382 yards of "negro" cloth, 58,965,286 yards of flannels, 24,489,985 yards of jeans, 5,506,902 kerseys, 14,130,274 yards of linseys, 14,072,559 yards of satinets, etc. The value of all products was $155,415,358.

Massachusetts was in 1871 the largest producer of woolens, although she stood fourth in the number of establishments. Pennsylvania came first with 457 plants, New York second with 252, Ohio third with 223, and Massachusetts fourth with 185. However, in the size and capacity of her mills Massachusetts easily predominated. The comparison between Massachusetts and Pennsylvania, the two most prominent States, was as follows:

	Mills.	Sets of cards.	Capital.	Consumption.		
				Domestic.	Foreign.	Cotton.
				Pounds.	*Pounds.*	*Pounds.*
Massachusetts	185	1,367	$20,633,400	37,146,190	7,201,248	2,813,449
Pennsylvania	457	1,317	14,238,835	21,349,389	3,214,850	6,989,201

	Hands.	Wages.	Cost of production.	Value of products.
Massachusetts	20,550	$7,298,302	$24,876,318	$39,502,542
Pennsylvania	12,764	4,373,628	17,457,913	27,580,586

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